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## HOME NEWS

## New divorce procedure starting today will be 'less of an embarrassment' for the litigant

By John Grosier

The simplified procedure for undefended divorce cases comes into effect tomorrow. Although legal aid will not usually be available to the petitioner in future the Law Society will be able to provide a free legal aid certificate to assure people that they would still be entitled to free legal aid.

In undefended cases evidence of the breakdown of marriage will be given by affidavit and the parties will not have to attend court. The registrar in chambers will consider the affidavit and make his recommendation to the judge. The granting of the decree will still be a matter for the judge, who will pronounce the decree in court. Again, the parties will not need to attend.

Mr Peter Archer, QC, the Solicitor General, said yesterday that as there would be no legal representation under the new procedure the question of legal aid did not arise. The arrangements were "less technical, less embarrassing and less frightening" for the litigant and would additionally provide a great saving on the legal aid fund.

Both he and Mr David Edwards, the secretary of Legal Aid, who gave a separate press conference at the Law Society's headquarters, were

emphatic that the new procedure would not be a "back door" to legal aid. The new procedure would be available to those who could not afford legal aid, but would not be a "back door" to legal aid. The new procedure would be available to those who could not afford legal aid, but would not be a "back door" to legal aid.

Mr Edwards continued: "Although legal aid will not be available to get a divorce decree it will still be available in all the important areas where there are likely to be disputes, including custody of children, maintenance, who should have the matrimonial home, and similar matters."

Legal Aid would also be available for getting an emergency injunction to stop a spouse from molesting the other, or to bar one of them from the matrimonial home.

Those were all areas covered by Lord Elwyn-Jones, the Lord Chancellor, when he announced last June that the new procedure in divorce, whereby a petition is lodged with the court and no appearance of any of the parties is necessary, would be extended to all cases of undefended divorce, whether the children of the marriage are under 16 years of age or not.

The green form scheme will cover the much needed preliminary advice sessions with a solicitor on whether there are grounds for a divorce or a judicial separation, an arrangement for the custody of the children (if any) and on maintenance matters. A solicitor will also be able to prepare the necessary forms and documents before filing. If it is discovered that the proceedings are to be continued, full legal aid will be available.

## Policeman's radio warning as raiders fire

Stephen Bradwell, a London policeman, was shot at by four

single-handed to foil a bank raid in north Acton, London. Although under fire he continued to send details of the raiders and their car by radio.

PC Bradwell, who is 20, escaped a hail of fire by taking cover behind his patrol car.

Three of the men, armed with revolvers, broke into the bank at Gipsy Corner 10 minutes before it opened, threatened the staff and opened fire at the constable dodged behind his car.

The car windshield was smashed and the sides were riddled by the shotgun blast. The three other raiders opened fire on the policeman as they escaped from a bank window.

PC Bradwell, a policeman for only two years, said he approached the Rover and "when I realized the man was getting out of the car I ducked down and ran 15ft to hide behind the back of my patrol car. There must have been about a dozen blasts fired in my direction and I just kept my head down."

## Seventh fire victim

The number of victims of the fire in the large, two-story restaurant in Dover, rose to seven yesterday with the death in hospital of Mrs Phyllis Conlon, of Acton, west London.

## Industry that takes great care is fighting for survival Asbestos workers bewildered by anxiety over health risks

From Neville Hodgkinson Cardiff

Publicity over the health risks associated with exposure to asbestos dust bewilders the two hundred workpeople of TAC Construction Materials Ltd, an asbestos cement factory at Rhys, South Glamorgan.

In the 40 years since the factory was built five thousand people have been employed there. But only two deaths from asbestos-related disease have been detected, in both cases after many years of exposure.

There have been no cases of asbestosis, the crippling lung condition, according to Dr Peter Jones, the works doctor for 25 years, regular chest X-ray examinations have failed to disclose even early signs of the condition in any of the employees.

Dr Jones is also a local general practitioner and has seen no evidence in any former

employees of the plant of illness that he would attribute to their time there.

The Asbestos Information Committee, the industry's trade body, is a small party of journalists to the factory yesterday and to the Trist Draper brake and clutch linings factory at Bristol, which has a similar trouble-free record, as part of the continuous effort the committee is making to counter some of the gloomiest views of asbestos hazards.

With the TUC seeking a huge reduction on the maximum permissible levels of dust in the workplace, the industry is, in effect, fighting for survival.

It says the cost of the TUC's proposals would prohibit further production.

Mr Wilfred Penney, a director of TAC, who is chairman of the asbestos and health working group of the Asbestos Cement Manufacturers Association, admits that 10 years ago the industry did not sufficiently appreciate the risks.

Exposure was still fairly high in some occupations and early deaths arising from those dusty conditions are being experienced for many years to come.

The industry argues that such care is taken nowadays to keep the dust to a minimum in controlled factory conditions as to reduce the risk to health to negligible proportions. It is

responsible that in these circumstances anxiety over asbestos "almost amounting to panic" should have arisen.

None of the men or women with whom I spoke at the two factories seemed to fear for their health in the controlled conditions to which they are exposed, although some scientists argue that with a cancer-causing substance as potent as asbestos, no level of exposure can be considered safe.

## Stechford's weary Liberal is resentful

From Arthur Osman Stechford

After an adept, stylish and attractive campaign, Mr Graham Gosnell, the Liberal candidate in today's by-election at Birmingham, Stechford, was showing signs of weariness yesterday. He agreed that he felt things that had happened to disrupt the rhythm of his campaign.

"I feel it is a peculiar situation," he said. "It has been a very busy campaign, and I think one can use the expression that the entire thing has been 'cocked up' from beginning to end."

"We were very nicely set, but all this sort of business means you have to be so damned confused at the moment people are still undecided only hours from the poll, and I have never known it before."

Earlier in the campaign he had said he did not favour the Liberal Party's arrangements, but then had to change the direction of his campaign, saying "with admirable candour about the situation: 'Let's face it, I have to be happy about it.'"

His first election address did not go out and his workers had to deliver a shortened version instead of canvassing. Mr Dennis Minnis, the Liberal agent, said later: "He really meant to use the word 'election' instead of 'campaign' when he said it."

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## Poor turnout by MPs pleases Mr Healey

By David Wood Political Editor

Mr Healey, Chancellor of the Exchequer, took it as a good omen for his Budget that only about forty Labour MPs, about one in eight, felt deep enough to attend yesterday's special meeting of the Parliamentary Labour Party at the House of Commons. If he had misjudged the occasion in party terms the Grand Committee room would have been crowded to the doors.

He had his critics but as Mr Michael English, MP for Nottingham, West, put it: "The PLP is a shareholders' meeting, and if there were 300 shareholders would be here." The small attendance indicated that the parliamentary party was reasonably content.

That had to be set against the declaration of Mr Eric Rafter, the Tribune Group MP from Liverpool, Walton, that no other government could have handed out so much in tax benefits and remain unpopular.

As rank-and-file Labour MPs saw it, the rest for the Budget was electoral, and that gave

importance to the testimony of Mr Arthur Blenkinsop (South Shields), back from the front line in the Stechford by-election, that the less well off, tax for cars and the higher tax on cigarettes had been much criticized, he reported.

Replying, Mr Healey insisted that he had not tried to devise an election Budget; Stechford's by-election had not been in his mind. "It would not have been right," he said, "for it to have been an election Budget. In fact, the broad shape of the Budget had been decided well before the date of the by-election."

In one of his bursts of candour, Mr Healey told the MPs that he did not delude himself that he had produced a particularly popular Budget, but he hoped that the passage of time it would be appreciated.

He noted, with relief, the broad support of the press. It had been necessary, he said, to err on the side of caution for economic reasons, and "the state of the pound this morning is proof that the stance of the Budget towards inflation is about right."

On phase three of income

restraint, he conceded that it would not be easy to reach agreement with the TUC, although he hoped it would be possible because he had in mind that electorally and politically we are less popular (that is, the Labour Government and Labour Party) with the housewife than her husband.

Answering further points about the wage differential, the Chancellor held that the structural change necessary could not really be achieved by tax changes that enlarged or compressed differentials, but only by a pay policy that created a more equitable structure.

On prices, Mr Healey commented that "the key is the exchange rate." He added: "The improvement of the exchange rate since my December measures has been equivalent to between £2,000 and £3,000 in subsidies."

Looking at his Budget proposals as a whole, the Chancellor argued that would have been fatal to be profligate now, or at any time. "I realize," he said, "that direct taxation is not popular. It takes the bit off the gingerbread."

retail-price index than if he had increased VAT. Anyhow, if he had raised VAT the housewife would have been very critical, because she has in mind that electorally and politically we are less popular (that is, the Labour Government and Labour Party) with the housewife than her husband.

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## Divers 'died after helium error'

Two North Sea oilrig divers died after an injection of helium had caused the decompression chamber of their diving bell to overheat, an inquiry at Aberdeen was told yesterday.

Mr Peter Holmes, aged 29, of Blandford Road, Poole, and Mr Roger Baldwin, aged 24, of Court Close, Bridport, both Dorset, died in September, 1975, from heat stroke after using the diving bell from the rig Waage Two, 200 miles off Orkney.

Mr Keith Beck, manager of the diving technical support group of Oceanseering International Services, said they were part of a team of six. The supervisor was Mr Reid Kennedy Arnold, who had left the firm in 1976.

A letter asking him to appear as a witness had been forwarded to his last known address in Canada, but a letter had been received last Friday which said he would not be present.

Questioned by Mr Ian Kirkwood, QC, for the relatives of the dead men, Mr Beck agreed that Mr Arnold had played an important part in the circumstances that led to the deaths.

Confidential enquiries of events noted in the supervisor's log, leading to a distress call from the rig, he said that in the diving complex there were three chambers: the bell, the entrance lock and main lock. The bell had been removed, because it was thought to be a dangerous leak.

If the supervisor saw the pressure fall he must counteract it as quickly as possible, and to do that helium would be injected into the decompression chamber. That would recompress the men.

The inquiry continues today.

## 'Lib-Lab' liaison group holds first meeting

By David Leigh Political Staff

The Liberals tasted the first fruits of their new arrangement with the Government last night when the "consultative committee" of the two parties met for the first time, in Mr Michael Foot's room at the House of Commons.

The Government team for these meetings, the first of which was only to ratify the arrangements, consists of Mr Foot, Leader of the House, Mr Michael Cocks, Government Chief Whip, and Mr Rees, Home Secretary.

Mr Rees will take the chair when Mr Foot is absent. He has deputized in the past when Mr Foot was ill and, perhaps more significantly, stands close to the Prime Minister.

Although Mr Rees is responsible for direct elections to the European Parliament, which are a crucial part of the Liberal accommodation, they were not on last night's agenda.

The Home Secretary's White Paper on the subject will be published tomorrow and will set out options for conduct of the elections. The Liberal solution, against a background of Labour hostility to lengthy boundary redrawing and hostility in much of the party to the whole idea, is for proportional representation by single transferable vote, using a party-list system.

Mr Norman Atkinson, the Liberal treasurer, explained to the local party in Haringey and to Tottenham why the left swallowed the "Lib-Lab" arrangement.

Labour MPs were shy of talking about the deal, he said. He suspected that that was because many hoped it would lead to a more permanent arrangement.

"The remainder," which includes myself, wished to avoid going to the country prematurely. That is not to say I and others feared that Labour would lose the election, but because we feared that the content of the manifesto on which we would have fought would have been far less socialist than even the current programme."

The greatest threat facing Labour, he said, was "the apparent ease with which our own parliamentary leadership has been beneath the ever-mounting pressure of the Conservative and Liberal bankers and industrialists who favour social democratic coalition type governments."

as a "long and thorough" meeting with the hierarchies of the Labour Party in Wales and Scotland, and with Mr John Smith, the ministerial spokesman responsible for the detailed work on the devolution Bill, both party executives later issued a statement.

They said: "All were agreed that devolution to Scotland and Wales is an absolute commitment both for the Labour Party and the Government. The Government reaffirmed its clear intention to proceed with implementing devolution as soon as possible."

The Government agreed to keep in close touch and to continue in regular consultation with both the Scottish and Welsh councils as their consideration of further progress proceeded."

With the semi-coalition and the fluid state of devolution, in the air of backstairs secrecy is pervading the operations of the Government. The meetings with the Liberals are to be in secret, and the progress report on the Scottish and Welsh Labour talks was less than comprehensive.

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What we lacked in the early days was people to help. During the past few days we have had several hundred, but at that stage it was a bit too late. That is what has upset him."

Meanwhile, the Labour campaign showed jubilation at the warmth of a handwritten "eve-of-poll" message from Mr Callaghan to the candidate, Mr Ference Davis. "I read it."

My dear Terry, I want to congratulate you personally on your honest approach to the Stechford by-election. You have fought for Stechford in the Midlands style. You have been straight. You have not ducked the problems. You have worked hard. You have been determined. These are the qualities that are respected and admired in the Midlands.

Those of us who were your colleagues in the House of Commons know your worth. I look forward to your return to Westminster at the top of the poll to represent the people of Stechford in our own brand of common sense and understanding of the people's needs. Best wishes and thank you very sincerely, Jim Callaghan.

Mr Davis has fought a moderate, sometimes low-key campaign, with a mature approach. He maintained yesterday that Tuesday's Budget had been a responsible move in the right direction.

Mr Andrew Mackay, the Conservative candidate, was being modestly optimistic, if those words adequately fit a man of 27 confident of victory after many months of painstaking groundwork and the bonus of a Budget that held little apparent voting points for Labour supporters. He said candidly that he showed a substantial swing to him of Labour voters.

Candidates: T. Davis (Lab); A. Mackay (Con); G. A. Gosnell (Lib); B. Brown (Nats); P. R. Jones (Soc. Worker); B. Hiron (Nat. Marxist). General election: R. H. Jenkins (Lab); G. A. Gosnell (Lib); C. 11,152; G. A. Gosnell (Lib), 5,860; Labour majority, 11,923.

Body found in Belfast The body of Mr Francis Cassidy, aged 43, was found in the water yesterday. He had been shot in the head and his throat had been cut.

## Council attacked for rate arrears

The council at Chesterfield, Derbyshire, where rate arrears have risen from £22,000 to £52,000 in three years, has been criticized by the district auditor. The council blamed difficulties encountered during the introduction of a computer for the arrears and says it hopes to reduce them to an acceptable level once the computer is operating normally.

## Plan to reopen railway line

Railway enthusiasts hope to reopen part of the picturesque "watercress line" in Hampshire with a public tourist service by mid-May.

It was announced yesterday that the enthusiasts have bought 10 miles of the former line, which runs through new Alresford and Ropley, from British Rail. Crews will be trained to operate steam trains on it.

## Port Talbot strikers will meet tomorrow

Continued from page 1

executive of the Electrical, Electronic, Telecommunications and Plumbing Union.

Mr Sirs said last night: "I have written to the TUC and the Government telling them there must be flexibility in wage bargaining if the social contract is to survive."

The ISIC leader disclosed that he had received many letters from his members voicing growing dissatisfaction with pay restraint. But he said the electricians were wrong to take unofficial action after being told by their leaders to go back to work and put their demands through normal negotiating machinery.

In the wake of the Budget there is widespread opposition from union leaders who do not like the "straight exchange" of more wage restraint for a lower standard rate of income tax. The ISIC, a traditionally non-militant union, is prepared to accept a phase three of the social contract, but Mr Sirs said that any new agreement would have to reward steel workers for skills, restore differentials and allow for the introduction of productivity bargaining. Without such a relaxation, he added, "I shall be in difficulty restraining the steel workers."

If the strike continued it would deprive the motor, domestic appliance and construction industries of sheet steel, and the Trostre and Velindre tinplate works near by would quickly halt also.

Mr Ewan, the strikers' leader, accused the BSC management of being "childish" in deciding to run down the Port Talbot works so that only safety men will be on duty by Sunday. He said the management must accept the blame "because they are not prepared to negotiate."

The striking electricians are to meet again tomorrow afternoon, but there will not be a vote on whether to continue the industrial action. Mr Ewan said: "There will be no voting on whether we go back to work until we have some offer to put to the men."

Informal talks on a possible way out of the strike dilemma are expected to take place today. The TUC says industry committee may try to get the men back by pointing out to them the wider impact of their action.

Mr Tom Jackson, general secretary of the Union of Post Office Workers, condemned the idea: "This is all part of the usual Post Office policy of giving less and less to the community at a higher and higher price. The UPW is very much opposed to that situation."

Such a move might cost between 7,000 and 8,000 jobs Mr Jackson estimated. "We are not opposed to that in principle if it was worth while as far as the public is concerned," he said. But he thought the plan would lead to a worse service.

Since the break-out there had been a change of procedures in the workshop. There was a half-day search every month.

The inquiry continues today.

## Proposal to cut deliveries of mail to one a day

By Business News Staff

The Post Office said yesterday that a suggestion that letter deliveries should be cut to one a day was one of several options put to the Carter Committee investigating the corporation's organization and structure. It was made with other suggestions on the functioning of the Office.

Since then more up-to-date evidence had been forwarded to the investigating team.

There was no indication yesterday of how much emphasis the corporation has put on this particular item in its evidence, and corporation officials were reluctant to comment on reports that the study would save £30m a year, might cost 10,000 jobs.

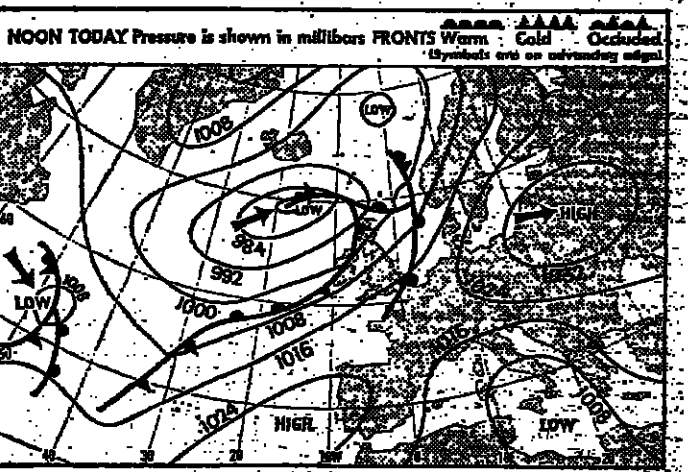
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## Weather forecast and recordings



**Today**  
Sun rises: 6.39 am  
Sun sets: 7.32 pm  
Moon rises: 4.37 am  
Moon sets: 3.17 pm  
Full Moon: April 4  
Lighting up: 8.2 pm to 6.7 am  
High water: London Bridge, 11.31 am, 5.7m (18.7ft); 11.59 pm, 5.8m (19.1ft). Avonmouth, 4.28 am, 10.4m (34.1ft); 5.16 pm, 11.0m (36.1ft). Dover, 9.5 am, 17.8ft (5.4m); 9.33 pm, 5.6m (18.5ft). Hull, 4.0 am, 5.8m (19.0ft); 4.12 pm, 6.0m (19.7ft). Liverpool, 3.8 am, 7.7m (25.2ft); 9.41 pm, 7.5m (24.6ft).

lands, Channel Islands: Mostly cloudy, hill fog, rain at times; wind SW, moderate or fresh; max temp 10° (50°F).

Wales, NW England, Lake District: Mild, SW gale, rain; hill and coastal fog, rain, perhaps heavy and prolonged; strong, locally gale; max temp 9° or 10°C (48° to 50°F).

NE England, Borders, Edinburgh: Mostly cloudy, with rain, perhaps few bright intervals; wind SW, fresh or strong; max temp 9°C (48°F).

Glasgow, Central Highlands: Cloudy, hill fog, rain, perhaps heavy and prolonged in places; wind SW, strong locally; max temp 9°C (48°F).

Argyll, NW Scotland, Northern Ireland: Cloudy, hill and coastal fog, rain, perhaps heavy, probably showery later; wind SW, strong or gale; max temp 8° or 9°C (46° to 48°F).

Moray Firth, NE Scotland, Orkney, Shetland: Cloudy, hill and coastal fog patches, rain; wind S or SW, fresh or strong, max temp 7°C (45°F).

**WEATHER REPORTS YESTERDAY MIDDAY:** C, cloud; r, rain; s, snow; sl, sleet; sn, snow.

Area	Cloud	Rain	Snow	Sleet
Alps	100	0	0	0
Algeria	100	0	0	0
Andorra	100	0	0	0
Austria	100	0	0	0
Belgium	100	0	0	0
Benelux	100	0	0	0
Bulgaria	100	0	0	0
Canada	100	0	0	0
Czechoslovakia	100	0	0	0
Denmark	100	0	0	0
France	100	0	0	0
Germany	100	0	0	0
Greece	100	0	0	0
Hungary	100	0	0	0
Ireland	100	0	0	0
Italy	100	0	0	0
Japan	100	0	0	0
Latvia	100	0	0	0
Lithuania	100	0	0	0
Malta	100	0	0	0
Netherlands	100	0	0	0
Norway	100	0	0	0
Poland	100	0	0	0
Portugal	100	0	0	0
Romania	100	0	0	0
Spain	100	0	0	0
Sweden	100	0	0	0
Switzerland	100	0	0	0
Turkey	100	0	0	0
USSR	100	0	0	0
Yugoslavia	100	0	0	0

Here is the Burberry forecast:



"He will through life be master of himself and a happy man from day to day can have said, 'I have lived; tomorrow the Father may fall the sky with black clouds or with cloudless sunshine.'"

Horace

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## HOME NEWS

## Government orders investigation of tea price increases

By Hugh Clayton  
Mr Hattersley, Secretary of State for Prices and Consumer Protection, who cancelled the tea subsidy six months ago, called yesterday for an investigation of subsequent price rises. He said he wanted "an authoritative check that consumers are not being exploited".

Imports, packing and distribution will be examined by the Price Commission, which is making a similar study of coffee.

Mr Hattersley said he wanted the tea investigation to cover particularly the recent sharp rises in world prices. His announcement should not be assumed to indicate that he thought traders were profiteering, he added.

The commission is also exam-

ining claims from tea packers for increases of 27p a pound. They would cover an auction price of about £2 a kilogram. Prices have risen this month almost to £2.70.

Mr Eustace Crawley, managing director of Jackson's Teas, said: "At the end of April we are going to have to make a very substantial increase. I would think there would have to be another one shortly afterwards." He did not expect auction prices to fall below £2 a kilogram, compared with little more than £1 at the start of the year.

The tea subsidiary was introduced 21 years ago and last year was estimated to save 3p a week on the food bill of an "average household" of three people.

PRICE CHANGES ON A QUARTER-POUND OF TEA									
PG Tips	Aug 12½p	Oct 16½p	Dec 18p	Jan 17p	Mar 19½p	April 20½p	Summer 27p	27p	inevitable rise
Co-op "99"	10½p	14½p	16½p	17p	19½p	25p	25p	25p	unavoidable rise
Jackson's "Earl Grey"	21p	24p	30p	30p	34p	44p	44p	44p	

\* Rise due on May 1.

## Bacon industry appeals for price and subsidy rises

By Our Agricultural Correspondent

Bacon curers said yesterday that they needed higher prices and farmers needed a higher subsidy on pigs. Mr Bill Newton-Clare, chairman of the Bacon and Meat Manufacturers' Association, said the present subsidy of about £3.50 a pig or £1m a week was about half of what farmers needed to break even.

He was announcing a campaign by his company, FMC, to meet aggressive Danish competition for a dwindling British bacon market. "If we are compared with Danish, we lack lustre", he told an audience of farmers and grocers in London. The industry needed higher prices nearer to those charged by Denmark to en-

courage output of a better British product.

Sir Henry Plumb, president of the National Farmers' Union, said the latest abortive talks about EEC farm prices had damaged the already unsteady foundation of the British pig industry. Monetary anomalies between the United Kingdom and the Irish republic had forced the Government to pay a subsidy to persuade Northern Ireland farmers not to sell pigs over the border.

Cheaper potatoes: "Sharp falls" in prices were reported by the Potato Marketing Board yesterday. It quoted a minimum price for small potatoes of 4p a pound and said that large homegrown tubers could be found for as little as 6p a pound.

## Former mayor cleared on deception charge

Thomas Melville John, aged 45, a former Mayor of Port Talbot, West Glamorgan, was cleared at Merthyr Tydfil Crown Court on Tuesday of obtaining money by deception by claiming attendance allowances from two councils at the same time.

Judge Griffiths, QC, directed the jury to acquit Mr John, because the prosecution had not proved that he acted dishonestly.

Mr John, of Cwmlais Road, Cwmafon, mayor in 1971-72, denied six charges of obtaining £10 attendance allowances from Afon council between May, 1974, and February, 1975.

The prosecution alleged that Mr John claimed £4 allowances from Afon Borough Council after making claims for the same days to West Glamorgan County Council, of which he was also a member.

Mr John agreed, but said he felt entitled to dual claims because he did different work for both councils on the same days.

## Students back continued spending cuts campaign

Students voted yesterday to continue their union campaign against public spending cuts and for a better grant system.

The National Union of Students conference rejected demands from the Conservatives and the Ultra Left for more direct action in the grant campaign and priority for abolishing discretionary awards in favour of mandatory ones.

The conference also rejected a plea from Miss Veronica McClarey, of Middlesex Polytechnic, to seek grants index-linked against inflation.

At a press conference later, Mr Christopher Morgan, the NUS treasurer, denied that the union was setting into debt. He said its finances were "firm and sound".

The union has been debating its financial affairs privately after the collapse of its travel company last year. It has sold

## Mr Shore urged to spread inner-city aid nationally

By Christopher Warman

Local Government Correspondent

A deputation from the Association of District Councils told Mr Shore, Secretary of State for the Environment, yesterday that aid to the inner-city areas should not be confined to the main conurbations.

Led by Commander Duncan Lock, chairman, they emphasized that difficulties of housing and employment applied with equal severity to towns and cities in the non-metropolitan areas, such as Nottingham, Hull, Bristol and Leicester. Commander Lock urged the Government to tackle the difficulties on a national basis.

Mr Shore, who has listened to other local authority associations on the matter before the publication of a White Paper on the subject, would not be drawn on the details of the distribution of the £100m for

## Police in Ince case are cleared

By Clive Borrell

Crime Correspondent

George Ince, who is serving a 15-year prison sentence in Wormwood Scrubs, London, for his part in a £400,000 bullion robbery in Essex five years ago, was told yesterday that the Director of Public Prosecutions can find no evidence on which to bring criminal proceedings against certain police officers who helped to convict him.

The Home Secretary is, however, reviewing the papers in his case and is expected in the next 10 days to decide Mr Ince's future.

Mr Rees, Home Secretary, has received many petitions in the last six months from "Free George Ince" campaigners calling for his freedom and a pardon because of alleged mistaken identity.

Several MPs have also taken up his plea and I understand that Mr Rees has taken deep personal interest in the case. He has also been reminded that Mr Ince, having served a third of his sentence, may soon be considered for parole.

Mr John Duke, Deputy Chief Constable of Essex, said yesterday: "The Director of Public Prosecutions has informed the chief constable, after considering the West Yorkshire team inquiry report into complaints of George Ince, that the evidence is insufficient to justify the institution of criminal proceedings against any of the Essex police officers involved in the Mountnessing bullion robbery inquiry. Sir John Nithingale, the chief constable, will be considering any other issues arising from the inquiry."

In February, 1975, Det Chief Supt Ronald Sils, of West Yorkshire police, was appointed to investigate complaints about the conduct of the investigation after the arrest of Mr Ince for the bullion robbery at Mountnessing.

After the inquiry a senior detective in the bullion investigation was transferred to uniform duty.

## WEST EUROPE



The ins and outs of M Raymond Barre's new Government (from left): M Michel Poniatowski (out); M Robert Galley (retains Cooperation); M Louis de Guiringaud (still Foreign Minister); M Jean Lecanuet (out); M Yvon Bourges (still at Defence); and M Olivier Guichard (out).



M René Haby (retains Education); M Alain Peyrefitte (newcomer at Justice); M Michel d'Ornano (switched to Culture and Environment); Mme Simone Veil (still at Health); M Jean-Pierre Fourcade (still at Equipment); and M Christian Bonnet (switched to Interior).

## New Government strengthens the position of M Barre

From Our Own Correspondent

Paris, March 30

M Raymond Barre, who was reappointed Prime Minister by President Giscard d'Estaing yesterday, submitted his list of new ministers to the President this afternoon.

As expected, three senior ministers in M Barre's former Cabinet are dropped in the interests of Government unity. They are M Michel Poniatowski, M Jean Lecanuet and M Olivier Guichard.

There are only two newcomers in the 15-man team: M Alain Peyrefitte, a diplomat, writer and former minister of General de Gaulle, who becomes Justice Minister; and M René Monory, a senator and a seasoned politician, who is appointed Minister for Industry and Commerce.

The dropping of the three senior ministers was one of the conditions on which M Barre insisted if he were to form a new Cabinet and his wish was granted by the President. The Prime Minister wished to put an end to those "super ministers" who introduced personal and party political rivalries

into the Government, impairing its image and disrupting its activity.

But it must have been a tough decision for M Giscard d'Estaing to sacrifice M Poniatowski, his most intimate friend and adviser, even though the former Interior Minister's subversive and blunders had apparently begun to undermine his standing in the President's eyes.

Two lesser ministers defeated in the recent municipal elections—M Michel Durafour, the former Minister-Delegate for Finance, and M Pierre Brousse, the former left-wing Radical Socialist senator converted to the Government Majority as Minister for Trade and Crafts—were also dropped. They had submitted their resignations to the President last week.

But M Michel d'Ornano, the former Minister for Industry and the Government's unsuccessful candidate in the election for Mayor of Paris, who is another close friend of the President's, has retained his Government post. He is put in charge of a new ministry combining culture and environment.

Some ministers switch posts. M Christian Bonnet, who takes over the key portfolio of the Interior, has made his mark as an able and energetic Minister of Agriculture since M Giscard d'Estaing took office. It will be his task to organize the Ministry's victory in the parliamentary elections of March, 1978, the overriding objective of this second Barre Government.

The Gaullists are proportionally stronger in this Government than in the last, with the same number of ministers in a smaller team. This, together with M Poniatowski's departure, should help to pave the way for a reconciliation between M Giscard d'Estaing and M Jacques Chirac, the new Mayor of Paris and leader of the Gaullist Rassemblement.

But the authority of M Barre himself receives a powerful boost with today's changes: most of the new ministers were chosen by him, run by the President; he is rid of the quarrelsome triumvirate of the Independent Republican M Poniatowski, the centrist M Lecanuet and the Gaullist M Guichard;

and he is now at the head of a close-knit team. "It was, he told reporters as he left the Elysée Palace today, a 'fighting Government'."

Now that his second Cabinet has been launched, its ability to hold course depends in the first place on the kind of response it obtains from M Chirac and his Gaullist Rassemblement. So far, the only straws in the wind are the smile of M Chirac's face after his meetings with the President and with the Prime Minister, and the positive reactions of Gaullist parliamentarians gathered at Les Baux-de-Provence for a two-day seminar.

The new Mayor of Paris, who was due to speak to them today, has postponed his appearance until tomorrow. He wanted to know first what sort of list M Barre was going to produce, and the broad lines of the 12-month programme which his party, by a vote of confidence in both Houses of Parliament, would be called on to endorse next month. President Giscard d'Estaing, at the first meeting of the new Cabinet tomorrow, will make a statement which should provide a few pointers.

The composition of the new Government is as follows:

Prime Minister and Minister of Finance: Raymond Barre (non-party).  
Justice: Alain Peyrefitte (Gaullist).  
Foreign Affairs: Louis de Guiringaud (non-party).  
Interior: Christian Bonnet (Gaullist).  
Defence: Yvon Bourges (Gaullist).  
Cooperation: Robert Galley (Gaullist).  
Culture and Environment: Michel d'Ornano (Ind Rep).  
Minister-Delegate for Economy and Finance: Robert Boulin (Gaullist).  
Equipment: Jean-Pierre Fourcade (Ind Rep).  
Education: René Haby (non-party).  
Agriculture: Pierre Méhaignerie (Centrist).  
Industry and Commerce: René Monory (non-party).  
Labour: Christian Beaulieu (non-party).  
Health and Social Security: Mme Simone Veil (non-party).  
Foreign Trade: André Rossi (Rad Soc).

Leading article, page 15

## EEC dashes Britain's hope of developing unlimited power from hydrogen atom

From Michael Horsby

Brussels, March 30

Britain's high hopes of being chosen as the site for the EEC's ambitious experimental thermonuclear fusion project, the Joint European Torus (JET), were drastically reduced, if not irreparably dashed, at an all-night meeting of research ministers of the nine which ended here today at 4.30 am.

The Council of Ministers has now made five abortive attempts in 18 months to agree on a site for the £70m project, which could open the way to the development of cheap, clean and virtually unlimited supplies of nuclear-generated electricity in the early part of the next century.

According to informed sources, Mr Gerald Kaufman, Minister of State for Industry, whose chairmanship of last night's meeting was being criticized here as partisan, deliberately steered the discussions away from a vote on the project site when it became clear that the British candidate was unlikely to win.

This was stoutly denied by a British spokesman, but independent accounts tended to confirm that Mr Kaufman had an opportunity last night to bring the matter to the vote had he

genuinely wished to do so. It is probably also true that France, for one, was quite glad that he did not do so.

Mr Anthony Wedgwood Benn, Secretary of State for Energy, who chose to present the British case rather than take the chair, had earlier pressed the claims of the Culham laboratory, Oxford, which he said was recognized as "a centre of world excellence in fusion research".

During the course of the night, however, it emerged that if it came to a vote on the site a majority of member states would have been likely to favour Culham's only serious rival, the Garching laboratory in West Germany, which also has previous experience of fusion research.

The British delegation, which came to Brussels confident that Culham was the front runner, was reported to have been shaken by this discovery.

Dr Guido Brunner, the EEC Commissioner responsible for research, said today that he was greatly afraid that the international team of Culham-based scientists who drew up the blueprint for the JET project might now succumb to offers of more secure employment elsewhere.

Fifteen of the team of 58 scientists at Culham are reported to have already announced their departure. The contracts of the rest expire at the end of June. The Commission had also said earlier that it would begin running down the project at the end of this month if no decision on the site was forthcoming.

Dr Brunner said that he had agreed to consider a request to extend this deadline. In the meantime, it is understood that the British presidency will seek to bring ministers together before the end of April in a last-ditch attempt to keep Europe in the race to nuclear fusion.

The only bright spot in last night's discussions is that eight of the ministers were able to give their final approval to a four-year research programme costing £145m for the four laboratories making up the EEC Joint Research Centre.

Hitherto this programme, which is largely concerned with reactor safety and nuclear waste disposal, had been blocked by the lack of decision on the site for the JET project. Only Mr Benn was unable to give an unconditional go ahead. He said it would have to be referred to his home government.

## Greek Cypriots gloomy on prospects of Vienna talks

From Robert Risk

Nicosia, March 30

The initial euphoria expressed by Greek Cypriots at the prospect of a political settlement on the island is dying down even before the new round of intercommunal talks have got under way in Vienna. The Greek Cypriot press, which only five weeks ago was predicting that many Greek Cypriot refugees would be able to return to their homes in northern Cyprus, spoke in lukewarm terms this morning about the talks which start in August tomorrow.

Dr Vassos Lyssarides, leader of Edekt, the Cypriot Socialist Party, has said in an interview with the Turkish Cypriot newspaper *Halkin Sesi* that he does not believe there will be a settlement by the end of the year.

Mr Lyssarides referred to American interest in Cyprus as "outside interference" and said the United States' determination to strengthen NATO's south-eastern flank would be at the expense of Cyprus.

Greek Cypriots are hoping that President Carter will continue to refuse arms supplies to Turkey unless Turkish Cypriots make concessions to the Greeks on the island.

One reason why Greek

Cypriots are no longer so enthusiastic about the Vienna talks is their gradual realization that, in spite of the two meetings between President Makarios and Mr Rauf Denktaş, the Turkish Cypriot leader, the two sides still have radically opposed views of the kind of government that should rule Cyprus in the future.

Mr Denktaş wants a strong regional administration for Turks and for Greeks, whereas Archbishop Makarios, who still fundamentally rejects the idea of a partitioned state, is insisting on a powerful central government.

The socialist newspaper *To Nea* (The News) said today that the Turkish Cypriots would keep the Vienna talks "moribund" to persuade the Americans to lift their arms embargo on Turkey and to prevent a debate on the United Nations Human Rights Commission's report on Turkish violations.

The Communist newspaper *Haravathi* (Dawn) preferred to reserve its judgement, saying only that the Vienna talks would require "perseverance".

Philippos (The Liberator) said that the issues would be clearer by May when Mr Karamanlis, the Greek Prime Minister, will meet President Carter.

## Signor Andreotti wins new lease of life from unions

From Our Own Correspondent

Rome, March 30

Signor Andreotti today won a new lease of life for his minority Christian Democratic Government. By midday, after two long nights and a sudden flight to Washington by Senator Starnati, the Minister of the Treasury, the agile Prime Minister managed to pull off a remarkable escape from apparently certain political death in his Government's short but dramatic career.

He negotiated a compromise with both the communist and non-communist trade unions on a wages policy and the basis for calculating cost-of-living increases. Senator Starnati had been expected to resign with the International Monetary Fund which had already agreed

terms for standby credits needed by the Government to establish its financial respectability internationally.

Signor Andreotti had been left in no doubt that if the unions refused an accommodation, the Communist Party would be unable to support the Government's economic measures in Parliament against union wishes.

These measures are contained in a decree which has now been converted into law by April 3 and went to the Senate tonight for approval. The fact that the political left would not be in a position to oppose the largely left-wing unions in case of their failure to agree with the Government was made clear during the talks by Signor Enrico Berlinguer, the Communist leader.

## Czech in Munich hijacking trial wanted by Prague

From Gretel Spitzer

Bonn, March 30

Rudolf Becvar went on trial in Munich yesterday charged with hijacking a Czechoslovak airliner and detaining people against their will.

Mr Becvar, a 26-year-old unskilled worker, boarded the CSA airliner in Prague last October and the charge against him is that, armed with a sub-machine gun, he forced the crew to fly to Munich. He had told the

pilot that he had an accomplice on board with explosives.

Czechoslovakia has asked for his extradition, first claiming that he had murdered his brother. Later, the charges were changed to illegal possession of arms and robbing a taxi.

The Bonn Government has not yet decided whether to extradite him. Earlier this year a Munich court ruled that the Czechoslovak claim was justified.

## Merchant ships worry an admiral

"The West may find itself 'brought to its knees without a shot being fired' through the subtle Soviet economic pressure, according to Admiral Sir John Treacher.

Sir John, who retired yesterday as Commander-in-Chief, Fleet and Nato's commander-in-Chief, Channel and Eastern Atlantic, talked in an interview with the Press Association about the vulnerability of the North Sea oil and gas installations in wartime and of the danger posed by the expanding Soviet mercantile fleet.

Sir John, who is 52, declared that the West should wake up to Russia's economic challenge "as much as it needs to wake up to the immediate military challenge."

"While we have made considerable strides in the integration of our defence effort, I don't believe that we focus nearly enough on the integration of our political and economic strategy."

"Now oil is only one of the weapons within economic pressure. If you look at the maritime scene today, you will see the Soviet Union, already with 20 million tons of ocean-going shipping, with another five million tons of sophisticated ships laid down, who are not in business commercially to make a profit in the carriage of trade.

"The rates they quote are quite simply 15 or 10 per cent below the current conference rate. This is very tempting to shippers and the Russians are now mounting a new offensive on seaborne trade by suggest-

ing that a lot of freight going to the Far East should go across the railway and then be shipped out of the eastern Soviet ports in Soviet bottoms to Australia."

Sir John wondered what this would do to the seaborne trade in the West.

"So you can build up a scenario here, on the economic front, and I would embrace in this all the other things that we do supply the Soviets with—consumer goods, factories—and meanwhile, if they have a bad harvest, we sell them food."

"Nothing is allowed to interfere with their permanent military budget. Unlike in the West, where, if someone gets into economic crisis, there is pressure on our military budget, the Soviet Union and the Warsaw Pact can get into all sorts of crisis and the West help them out of, are only too pleased to offer them credits, technology transfers and mean-

while their military programme just continues to roll on."

Sir John thought that détente tended to work against Nato. "It is difficult for people to assume that there are modern imperialists, people whose aim it is to mould opinion however much we may be reminded by the Berlin Wall that this actually happens."

"So when somebody puts forward the thought of détente, an opening, a meeting of minds, let's get together, let's reduce all this confrontation, he has enormous appeal in the West: irresistible to large numbers of our population who then sit

back and think 'ah—you see we are not going to need this defence'. Of course, it weakens everything."

But he added that he was "greatly in favour of it because I think we should negotiate as hard as we can."

Arthur Reed writes: "The Soviet merchant fleet has increased to 4,000 vessels of nearly 21m tons, from 700 vessels of 1.3m tons in 1939, and is an essential part of the armed forces, according to a book published yesterday."

Lieutenant-Commander E. C. Talbot-Booth, director of the Ship Recognition Corps, and the book's author, asserts that the Soviet merchant fleet has two principal functions, the carriage of weapons and military equipment for overseas ventures, and its deployment for the purpose of economic warfare to be achieved by heavily undercutting freight rates.

Many of the merchant ships were equipped with electronic and other sophisticated equipment, far in excess of normal trading requirements. Naval officers and crew were known to serve in the merchant vessels, and the crews were largely interchangeable. Every unit had on board a political officer, among whose duties was the gathering of intelligence material.

The largest trawler and fishing fleets ever known roamed the oceans. Among their task was to monitor shore installations, shadow Nato warships, check on frequencies and radar and on underwater hydrophone gear.

## Warning over multinational gambling

By Marcel Berlins

A warning about the dangers of multinational gambling activities has been given by the Gaming Board in its annual report for 1976 and in accompanying comments by its outgoing chairman, Sir Stanley Raymond.

Sir Stanley says he regards foreign involvement in gambling by licensed operators in Britain, and the possible emergence of multinational gambling enterprises, as the "next big problem which governments and enforcement agencies such as the Gaming Board will have to tackle."

If allowed to develop, he continued, such activities would constitute "an undesirable mix creating new and difficult problems of vetting, supervision, control and inspection."

The board's report says that

international aspects of gambling are assuming importance. There also appears to be an increasing movement across national boundaries of those who wish to promote gambling, or are employed in it, or take part in it as gamblers.

"A new dimension is thus introduced into gambling operations and control which calls for close liaison and consultation between governments and, where they exist, authorities responsible for gambling controls."

The report goes on to refer to the question of illegal gambling, which raises serious problems of law and order. It is usually organized by criminals or those on the fringes of the criminal underworld, it says. Law enforcement in that area is notoriously difficult, making heavy demands on police time

and attracting little public support.

Several countries have legalized or are considering legalizing casino gaming, in order to eradicate difficulties associated with illegal gaming, to raise revenue and to attract tourists.

It is clear that such developments, together with an increasingly rapid movement of people around the world, will require greater vigilance to ensure that international criminals do not infiltrate legitimate enterprises, the report says.

On other matters within its orbit, the Gaming Board says that generally gaming in Britain seems to have stabilized, and that demand is being met.

Report of the Gaming Board of Great Britain, 1976 (Stationery Office, 90p).

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Report of the Gaming Board of Great Britain, 1976 (Stationery Office, 90p).

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Ronald Butt

# Pocket money today, but how will Labour handle tomorrow?

It was Mr Alex Lyon who made the most illuminating comment on the Budget. Mr Lyon's fame has hitherto rested on his, shall we say, tactless approach to taxation for which he was dropped from the Home Office by Mr Callaghan. Now he has turned his thoughts to budgetary matters, and what he had to say on Tuesday was of some considerable interest since he is not in the stereotype of either the Labour left or the right, and spoke (wisely or not) according to the broad instincts of many in his party.

The first on his feet after Mr Healey and Mrs Thatcher had sat down, Mr Lyon attacked the Budget as a "disastrous" departure from the policy of the past 10 to 15 years.

"The policy has always been to provide for the standard of living out of public expenditure, leaving the ordinary wage earner to provide, out of his wage packet, only for the less essential parts of his standard of living" (my italics).

As for all this bother about the Public Sector Borrowing Requirement, it would not be necessary to have a high level of borrowing if only public expenditure covered all the essential things, since it could then quite simply be paid for all out of income tax.

In short, said Mr Lyon, it seemed "monstrous" to get tax cuts that gave the average wage-earner no more than £2.00 a week at the cost of £2,000 of public expenditure which could have provided better education, health and social services.

It was a pity that Mr Lyon's message was delivered to an audience on the Labour side of no more than two backbenchers and two front benchers. For coming so soon after the very different message of Mr Healey's

speech, and couched in plain language than the hyperbole of the conventional left, it exposes the essential nature of the contradiction at the heart of the Labour Party's approach to political reality.

What it boiled down to was a plea for the genuine socialist state in which the individual worker is humoured by being given pocket money with which to pay for the things that do not so much matter, at any rate in the eyes of Mr Lyon, leaving that state to look after the big things.

Quite how Mr Lyon would deal with food and clothes, which one would have thought come naturally into private spending, was not specified—though he did say, in itemizing all the things that the state supplies: "We now provide a considerable share of housing expenditure and, although on a declining basis, some of the average worker's food."

Apart from food, part of the housing bill, furniture and clothes, the rest of what a man pays for himself, according to Mr Lyon, is either luxury or quasi-luxury. It is not part of the essential items in his standard of living.

Mr Lyon's is, indeed, one way of running a state and it is as well to be reminded of it. Whether such a system can be reconciled with liberty and whether the average citizen and trade unionist would settle happily for the pocket money existence, except under state compulsion, I doubt.

Why, after all, are so many trade unionists campaigning to get their differentials back?

Not, I think, because they regard their personal expenditure as a marginal thing concerned with matters of small importance, but because they think that their earning power does give them an important discretion in the things that matter to them

—one of which, despite all else that the state has taken away, is home-owning.

And, of course, the whole basis of Mr Healey's Budget is a recognition that the Labour instincts expressed by Mr Lyon on Tuesday, and by the party generally when in opposition, cannot be reconciled with the necessity imposed on Labour in Government so long as it attempts to run a free society. For listen to the words which Mr Healey himself used.

The effect of too high tax paying, and the imposition of direct taxation at too low a level as a consequence of inflation, has been, he said, "to make it easier to do than to undo damage and it is harder, for a poor man, to recognize the justice of restoring differentials to someone who is, in simple cash terms, better off than it is to accept the virtual existence of such differentials."

Whatever a "satisfactory" pay policy for Stage Three may be (and Mr Healey has carefully avoided revealing what he thinks will be necessary for him to implement his proposed 2p reduction in income tax) it will turn on how the unions themselves react to the two-way pull in their ranks for egalitarianism and differentials.

On the face of it, it will not be very easy for a low-paid worker earning up to £2,500 a year to be very happy with his extra £1.50 a week when he sees the middle manager on £10,000 getting nearly £10,000 a week more, especially bearing in mind that the higher excise duties hit hardest at the lowest level. And this psychological difficulty, which is a serious one, arises from years of socialist propaganda and the spreading of misconceptions about the essential nature and appeal of differentials and incentives.

The incentive nature of differentials is not just a sign of

rain percentage differentials for people in the basic rate band."

It used to be the habit to nickname budgets. There was a time called the chichester budget because the Chancellor of that year took a tax off (or perhaps put it on, I forget which) that commodity and did precious little else that would make a headline. This year's budget will be called the "differentials budget" for that is what it is all about.

Differentials, the victim of the late and levelling social contract, are now the heart of the Government's pay policy. The problem is, of course, it is easier to do than to undo damage and it is harder, for a poor man, to recognize the justice of restoring differentials to someone who is, in simple cash terms, better off than it is to accept the virtual existence of such differentials.

On the face of it, it will not be very easy for a low-paid worker earning up to £2,500 a year to be very happy with his extra £1.50 a week when he sees the middle manager on £10,000 getting nearly £10,000 a week more, especially bearing in mind that the higher excise duties hit hardest at the lowest level. And this psychological difficulty, which is a serious one, arises from years of socialist propaganda and the spreading of misconceptions about the essential nature and appeal of differentials and incentives.

The incentive nature of differentials is not just a sign of

a mean-minded refusal to work well for his own sake. Of course, working well for the sake of the thing is part of any man's nature, and it is the part which is always exploited in socialist argument. But the differential is not just a carrot, nor an invitation to live it up.

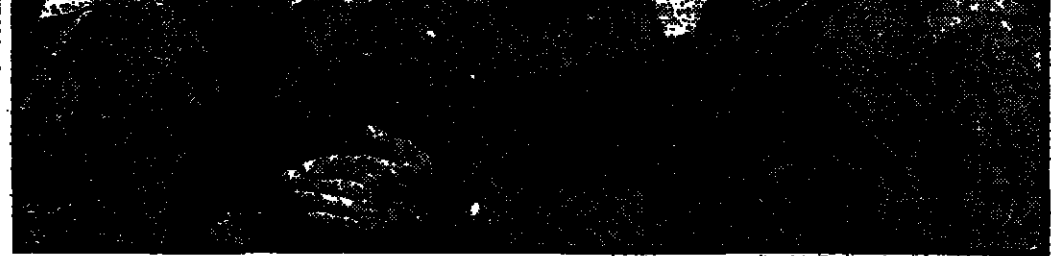
The differential is, first, society's recognition of the virtue of skill and effort, and few of us are so other-worldly as to need no recognition from our fellows. The differential is, secondly, what is needed to prevent a man from being harassed and distracted in the situation in which he finds himself, with the commitments he has taken on by virtue of his work.

The middle manager may well work for the work's sake, but he will not work well if he is worried, cannot make ends meet and has to contemplate moving house or taking his children from school because his family books cannot be made to balance.

Nor will the toolroom worker, previously encouraged to expect a given reward for his skill, which has encouraged him to take on certain commitments, work well when the carpet is pulled from under his feet. The cruelty of dispossession is at least as painful as the cruelty of non-possession.

Certain jobs require certain standards of living if they are to be done well. That is the case for what Mr Healey is trying to do now and against what he has done in the past. I do not think that is a case that the trade unions will find it altogether easy to accept.

The Budget has a good deal of equity in it. It makes a new peak in the Government's conversion to a non-socialist philosophy of rewards. The question is: what will happen to that philosophy when the Labour Party is again in Opposition?



## Giving the khaki bureaucrats their marching orders

Close by the A30 at Cambridge, among giant beech trees, stands the Army Staff College. From it, 180 officers graduate each year having completed an intensive study of modern warfare. In careers it is the most important hurdle for the regular officer. This year's intake will provide Britain's generals in 1990 and also many of those of the 42 other countries which regularly send their officers there.

As an institution it wields considerable influence in the Army and its attitude to Britain's changing society. More and more the Army sets out to be a reflection of the society it serves—and because of this some care is taken to select officers who by temperament and education will continue to propagate the image of the modern peacetime staff officer.

In reality the man who works in the Army's lower and middle echelons is not a very glamorous creature. The new style of staff officer is the khaki bureaucrat, a diminutive figure, whose approach is increasingly influenced by the computer and the proforma, and whose scope for initiative is reduced day by day through lack of funds.

In peacetime there is less need for him to take decisions quickly. Much of his work is done in committee where each member is researched in infinite detail and a decision reached only after months—sometimes years—of discussion and reconsideration.

Mistakes are expensive. They involve the production of equipment, or the management of valuable training time. They do not often occur but when they do the collective security of the committee tends to ease the burden of responsibility.

Working in this environment the modern staff officer may find that the skilful exposition of facts and an ability to compromise are more useful qualities than the traditional ones like initiative and moral courage. He may also find that (in career terms at least) it is sometimes safer to put off a decision rather than risk one that could be wrong. Junior officers are not often afforded the luxury of learning from their mistakes.

If the modern staff officer is cautious there are also personal pressures which discourage him from exercising too much initiative in face of official disapproval. The Government provides a house, his children's education and his pension, all of which could be withdrawn if he were dismissed from the service.

The ubiquitous nature of his job and hostile tenancy laws discourage him from buying his own house. At the same time this constant movement obliges him to educate his children at boarding school. After 12 or 15 years service he finds he has committed himself to a way of life, and if he wishes to leave it will not be easy to find a job where he can use the technical and management experience he has acquired.

So unable to start a second career which will give him the same material reward, and unable to leave before he becomes a hostage to his profession. Who can blame him for being orthodox and cautious?

Are the wrong people running the Army today? A serving officer explains the dangers of a growing bureaucracy.

In peacetime it is not unusual to find that the more cautious and orthodox type of officer becomes the norm. When a war is over the criteria for personal success tend to change, although gradually and not by any deliberate act, to meet the demands of a peacetime situation.

As these criteria change so do the men who arrive in the top management positions. Whereas war requires men to be robust, uncompromising men who can impart their personality on the formations they command, the peace calls for military leaders with more political and administrative qualities who are sometimes less compelling as personalities.

There are examples of generals who have achieved success in one environment were unable to adapt themselves fast enough when the situation changed. General Butler was one. A superbly successful staff officer and a successful commander in peacetime (he passed out top of his year at staff college) he was unable to cope with the new tactics and problems of the Boer War.

Conversely there was General Wingate who as a junior officer in peacetime was found to be quite unsuitable even to stand with a rifle but in war rose meteorically to command the famous Chindit Division.

In the past there has always been time for the military leadership in peacetime to hand over the crisis to the military and political war managers who save the situation in the nick of time. The pattern in the successive wars of this century has been for hostilities to begin with a disastrous round one, followed by a shaky round two in which the leadership changes and the army is modernized and then round three in which victory is once again snatched from defeat.

So it is with some disquiet that we now see the emergence of the (by now familiar) peacetime profile in our military executive.

Orthodoxy has become the watchword in the staff. Caution is the battler in the field; the peacetime trend has reassured itself, and simultaneously the average age of our staff and field commanders is creeping back to the level of Britain's prewar army.

But this time it will not do. A future crisis in Europe will be too short and in the end too overwhelmingly destructive to allow the wartime mavericks to rescue the situation. This time the arena is only booked for one round.

As the memories of Hitler's war fade so the nation becomes less resolved to pay the high price for its security.

At election time the parties are more likely to find other causes to champion than the price of food, the standard of education, the National Health Service—these are real issues,

whereas the distant threat of invasion from across the Irish sea or the rape of our fishing waters by Soviet trawler fleets are less immediate and certainly less pleasant to consider.

The voter does not wish to be reminded that his freedom, health and prosperity can only flourish if the nation is secure. Until our streets are filled with broken glass and burning motor cars, or the fish run out, or once again the European borders are realigned, we shall have a nation in content to neglect our security.

Only the Foreign Office and the service chiefs are able to remain detached from this jamboree of escapism. Confronted each day with a constant flow of accurate information they must see clearly the dangers of the situation into which we are drifting. However, it is not enough to perceive, they must also inform their ministers, and through them, the nation.

And if the ministers find it expedient to disregard or underplay this advice then there is no other constitutional channel through which our professional watch dogs can alert the nation.

What are they to do? In personal career terms it is safer for them to do nothing, and depending on their interpretation of recent history they may (or may not) draw strength from the fact that their predecessors also did very little when they were faced with similarly disastrous dilemmas before the Chinese War, before the Boer War, before the Great War and before Hitler's war.

So as the nation continues to lull itself into a state of blissful unawareness, the unfathomable maverick who might have had the moral courage and energy to risk his career and drag the question of national security into the arena of public debate has been bred out of the system and replaced by the skilful bureaucrat, who may perceive the danger but is not so inclined to raise the alarm if it involves breaking the peace.

The nation needs enough mavericks to compel people to listen to the bad news as well as the good. It may not be possible to behave in this way as a politician, but some effort can be made to reintroduce the maverick back into the military system.

The movement should begin at the mecca of military doctrine, the staff college, which has the influence, if not the inclination, to change the system. Service officers must be encouraged to play a larger part in public debate, as they are in Europe. (Is the British Army too far from the front line to communicate anything but the party doctrine to the press?)

Young officers should be allowed to make mistakes and learn from the experience without punishing their careers. They must be rewarded for boldness and originality (even though it does conflict at times with the official doctrine).

There seems little merit in keeping a watchdog that is so highly muted and disciplined that it can neither raise the alarm nor seize the intruder.

## The old man who waits for the Messiah to arrive in India's Jewtown

The locals claim that the old town of Cochin has the highest concentration of population in India. Whether or not that is corroborated by statistics, a walk through the swarming, dusty, humid agglomeration of narrow streets supports it.

My destination was the district in Cochin marked Mattancherry on the map but known generally as Jewtown. Today all that is left of Jewtown is one short lane made up of a few shops catering to tourists and a series of comparatively clean and well-maintained terrace houses. These were all Jewish homes when India became independent in 1947 and the Jewish population was about 2,500. Most of the remaining 65 Cochin Jews still live there but the street is no longer exclusively Jewish.

Sitting in the cool of the evening outside one of the houses, a group of middle-aged people looked startledly pale after the multitude of dark skins that had surrounded me on my journey. Above their heads on the wall of the house was a small sign: "J. Cohen—Attorney".

These were the first Jews I met in Cochin and one of them courteously accompanied me to the end of the lane where the Sabbath eve service was to take place in the Synagogue which had celebrated its 40th anniversary in 1968. It is the oldest Jewish building in the Far East.

Jews are either Ashkenasi or Sephardi. The ancestors of the Ashkenasi lived in German lands while the Sephardi originated in the Iberia peninsula. Both groups are orthodox but they differ in their pronunciation of Hebrew and, to some extent, in their liturgies.

but most of all in their rich traditions and customs.

Sephardi Synagogues in the East rarely front the street but are approached through a courtyard and the Synagogue in Cochin follows this style.

On its aged worn wall to the left of the massive door a newly painted sign respectfully requests worshippers to remove their footwear.

But this was not, as I had first thought, the adoption of a Moslem practice. Its purpose was to protect the exquisite blue wavy-pattern Cantonese tiles with which the Synagogue had been floored in 1756. Except for those covered by rugs, the tiles have lost their glaze but the delicacy of their design—each with its own story—makes them a graceful addition to the exotic appearance of this sixteenth century treasure.

The floor space of the sanctuary is on the whole uncluttered. Cane-backed benches line the walls while the centre is occupied by an ornate brass bimah—a combination of pulpit and reading desk from which the service is conducted. A unique feature of this Synagogue is a second bimah, for use on great occasions, erected on a gallery above the entrance and supported by brass columns.

Facing the door, a carved and painted ark contains ancient hand-written scrolls of the Hebrew Pentateuch. From the roof descend a variety of crystal chandeliers and multi-coloured glass bowls which once housed oil lamps.

The service was attended by 12 males and five or six children. Any ladies present were out of sight in an anxiety behind the upper bimah. The men wore crumpled tropical

suits or shirts with cotton trousers and were all of that distinctive pashm which had impressed itself on me when I entered Jewtown.

The service was held on the benches or squatted on the broad ledges of the windows with the easy familiarity with which they no doubt lounged in their homes. The service was brief, traditional and read in Hebrew in the characteristically nasal Sephardi intonation.

After the service, I held these men of the inscribed copper which constitute the charter of the Jewish community in the state of Kerala. The tradition holds that they date from the year 379AD but some scholars believe them to be tenth century.

They record the gift from the King of Kings—His Majesty the King Sri Parkaran Iraya Vannam of the village of Anjivanam to one Joseph Rabban together with "tolls on boats and carts... the lamp of the day, a cloth spread in front, to walk on, a palanquin, a parasol, a drum, trumpet... and so forth". All these glories are to be enjoyed by Joseph Rabban and his descendants for "so long as the world and moon exist".

The principality of Anjivanam was sacked by the Moors early in the sixteenth century and the Jews fled to nearby Cochin, then under Portuguese rule. They were eventually expelled and there in 1527 they built Jewtown and in the following year completed their Synagogue now more a monument than a living religious centre.

Its quarter-centenary was celebrated with much ceremony in 1968. The Prime Minister attended the commemoration,

scholars from Europe and America participated in a learned symposium and the Indian Government issued a commemorative stamp—a rare but not unique portrayal of a Synagogue interior on a postage stamp.

The moving spirit in this event and indeed in preserving Jewish life in this remote corner of the world, is Mr S. S. Koder who was born in Cochin in 1910 and whose family came there two centuries ago from Baghdad.

Admiring all the Jews had left, he told me, not because there was any pressure on them to go, but because they were devout religious and felt drawn to settle in the Holy Land when the state of Israel came into existence.

Only one religious Jew remained and Mr Koder pointed him out to me, an old, bearded, dark-skinned man figure sitting cross-legged apart from the others at the western end of the Synagogue. This man believed that the Messiah would come from India and he waits there for his arrival.

There is no discrimination against Jews either in Cochin or elsewhere in India and, in fact, they have been given some privileges. One of them is the official recognition of Jewish festivals and Jews employed by the government are not obliged to work on those days.

The real problem for this small group is survival and, paradoxically, it is the powerful instinct of self-preservation of the Jewish people that has contributed to the decline of Cochin Jewry.

Because there are so few Jewish spouses to choose from, young Jews of marriageable age

prefer to emigrate rather than marry out of their faith.

Some do find partners in Bombay (which has the largest Jewish community remaining in India) and do so happily. There have been no marriages in the Cochin Synagogue for the past five years. One was coming up but the Cochin husband was going to live in Bombay which was the home of his future wife.

Because it is so small, this is a thoroughly acculturated community whose members mix freely and intimately with Muslims, Hindus and Christians. But they have no intention of submerging their Jewish identity. Since they have no religious teachers, the parents personally educate their children, and in the process, educate themselves.

They all observe the Jewish dietary laws in their homes yet tend to be lax outside. They have no rabbi but services are regularly held and are conducted by the congregants. Possibly because of this personal commitment and because this is the general pattern still in India—the few youngsters in the community follow the religious traditions of their parents.

The community was enormously gratified when Mrs Gandhi, the then Prime Minister, visited the Synagogue on the four-hundredth anniversary. She concluded her speech with the Hebrew greeting *Mazel tov* (good luck) and later explained that she had learnt it from Fiddler on the Roof. And, indeed, as tenacious survivors, the Jews in Cochin, far away from Anjivanam, have much in common with their co-religionists in Teyre's East European village.

William Frankel

## The Times Diary

### Putting the horse before the cart

Levy Board has a premium scheme for shire stallions, and has just put its grant for a stallion at stud from £250 to £350. There is growing interest from America, which is helping to push up sale prices, with a good foal now fetching up to £2,500. Last year 31 shires were exported.

A Somerset vet told me he had just bought his second shire foal for £400 and he intended to let it take him on his rounds as soon as it had grown up. "You can spend £6,000 on a tractor, and all it does is depreciate. For £400 you get a horse with a working life of probably 20 years. Anyways, rush about when you can take life a bit more slowly and still get the work done."

### Keep mum

There was rustic nostalgia, too, in Park Lane yesterday, where Anglia Television was unveiling a new situation comedy series—TV's belated answer to *Dad's Army*. The series is about the band girls in the Second World War, and was inevitably being referred to as *Adrian's Army* through its proper director (proper) title is *Backs to the Land*.

Despite the suggestive title, *Backs to the Land* is male concerned with sex. It is largely innocent fun, but there is

an uneasy awareness that there were many more uniformed services during the war which have not been adapted for television yet. We must, for instance, count ourselves lucky if we escape a series about the AJS called *Officers' Grounds*.

### Tender shoot

On a sweltering day last summer a rather touching ceremony was held on the grounds of St John's College, Annapolis, Maryland, to mark the surprisingly cordial departure in 1976 of the last British governor, Robert Brooke-Pollock. His greatest-grandson, Sir John Eden, MP, went over for the ceremony, held under a 400-year-old tulip poplar tree, known as the Liberty Tree (under present political systems were said to have signed a treaty with the Susquehanna Indians).

He wondered aloud, as he sought shelter from the fierce sun, whether such a tree would grow in England. His question has now been fruitfully answered. A seedling is being brought across the Atlantic by the college's director of admissions and will be handed at the airport to a representative of the Royal Botanic Gardens at Kew. Trimmed and spruced up, the two-foot seed-

ling will travel bare-rooted and wrapped in plastic.

The old Liberty Tree, under which Robert Eden persuaded the colonists to remain in America, was notoriously unfertile, pollinating very slowly. Sir John Eden took a professional look at it last year: he was once a partner in a tree and shrub nursery business.

The tree, related to the English holly and hawthorn, was found at Kew a better reception than it had in America: the White House head gardener refused a seedling last year as being unsuitable to the landscape.

No nonsense is tolerated from skiers at St Moritz, where a notice announces that people who misuse tickets on the ski lift will be "subject to unconditional persecution".

### Irrepressible

The dividing line between political repression and essential security measures is a subjective one. Where you draw it depends on how far you think our present political system represents the wishes of the majority, how well it serves their interests, and how seriously it is threatened by ruthless and subversive elements.

Two men and two women held a press conference in a Soho basement yesterday to propose that political repression was reaching an unacceptable level. The chairman, Philip, recruited, Phil, former CIA man who faces deportation in circumstances which they see as proving their point.



These signs, indicating Sir Keith's early commitment to private enterprise, were photographed in Leeds some years ago by Neil Jordan.

The four have just written a Penguin paperback, *The Technology of Political Control*, which documents methods of surveillance, rice control and other techniques for maintaining the authority of the established power.

For those of us who had not read the book, the four spent an hour giving a summary of what is in it. Tim Shillie spoke of torture being used to establish "a generalized climate of fear". Then Jonathan Rose-

head speculated that this could also be the reason for over interference with mail and telephone-tapping.

He brandished a wad of plain brown envelopes addressed to Shillie which, he said, showed evidence of having been tampered with in the post. "And Carol Ackroyd, wearing a white boiler suit, said this letter addressed to her at home had been delivered to her office."

A million to one chance," said the Post Office.

Another piece of evidence produced by Rosehead was a rubber bullet of a type which, he said, had blinded a 10-year-old boy when used in Ulster. This month, five years after the incident, the Army had paid the victim £68,000 compensation.

Miss Margolis thought the time when social conflict would replace the present political consensus. But "we can't build a better society through the repression of those seeking to build a better one."

Rosehead admitted: "We have the normal paranoia." But again concluded the conference with a generous tribute to the country which is about to have him booted out. "There are men," he said, "many countries left where a book like this can be published these days. Better read it while you can."

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# Spain and the Community

## Fighting the flab for EEC

by Harry Debelius

Spain will not accept any offer of a transitional period before achieving full membership of the European Economic Community according to its ambassador to the Community.

But whatever the ambassador says, it will take much internal adjustment to get Spain ready, and no matter how fast the Prime Minister, Señor Adolfo Suárez or his still unknown successor moves, it is going to take time.

The ambassador, Señor Raimundo Bassols, said in Brussels early this year that Spain is already better prepared than some of the present Community members, and a transition period would be a severe blow to Spain.

In Madrid his words sounded ambitious, to say the least. To make the right Community suit fit Spain, the country will have to carry out some major economic exercises and shed its economic flab.

Extensive political, economic, fiscal and social changes will have to be made. Señor Bassols told diplomats in Brussels that Spain will make its request for full membership this year and could be fully integrated by 1980 or 1981.

"After the coming parliamentary elections," he said, "Spain will be in a position to direct all its political, economic and psychological efforts towards integration." He expressed confidence that "the political wishes of both parties will be sufficient to surmount any obstacles."

Regarding the present "standstill" by which Britain is being eased into the Community, Señor Bassols remarked that Spain considers its present interim agreement with the EEC will have to be renegotiated by July 1, the date when the standstill ends and

Britain must raise Community tariff barriers against Spanish exports.

At that time, he said, Spain would be willing to offer important concessions provided negotiations for full membership are started.

But if negotiations do not begin by then his country would be willing to accept "a minimal reduction of the agricultural trade preferences which Spain has at present with regard to the three new member countries, in exchange for a substantial improvement in the agricultural advantages established in the 1970 agreement with the Six."

But in that case Spain could offer the Community only token advantages in the industrial sector.

The important political adjustments necessary are already under way. King Juan Carlos has set the course for democracy, a fundamental condition of subscribing to the Rome pact, and Spain's first general elections for more than four decades are only a few months away.

However, if anything goes wrong, or if the elections should be delayed for any significant length of time, Spain would not be politically acceptable for membership.

The essential economic reforms are control over inflation, stimulation of investment (which has languished badly), improvement of the level of productivity and straightening out the kinks in lines of distribution.

The seriousness of Spain's economic plight is shown by the level of reserves at the Bank of Spain. Between August, 1975, and August, 1976, Spain's reserves dwindled by nearly 13 per cent to \$5,650m.

Other indicators, such as the percentage of the population employed in agriculture, suggest that the difficulties are as much structural as they are results of the universal recession brought on by the oil crisis.

Compared with the less than 9 per cent of the pop-

ulation employed in agriculture in the Community, more than 23 per cent are employed on farms in Spain, according to comparative data published by the Banco Hispano-Americano in Madrid; and, whereas nearly 49 per cent of the Community's labour force is employed in services the figure for Spain is less than 40 per cent.

The ambassador may have been correct in saying that Spain is better prepared than some members of the EEC, especially economically, but that is hardly worth boasting about. According to the latest available comparative figures Spain lags behind the average in gross industrial product, a head in the EEC.

The Suárez Government has a coordinated economic programme, outlined on February 22, which is supposed to attack both the transient and the structural difficulties. The plan has been subjected to considerable criticism in the Spanish press and, even if it is theoretically sound, its overall effectiveness will depend on the rigour and persistence with which it is applied. It is especially hard to predict what attitude the post-election government will have to present economic policies.

If the predictions of the Finance Minister, Señor Eduardo Carriles, come true, Spain's gross industrial product will grow by more than 3 per cent in real terms this year, exports will increase by nearly 7 per cent and imports will go up by only 3 per cent.

The six medium-term objectives listed by the minister are obviously milestones on the road leading to integration into the Community. They are: moderation of inflation; improvement in the balance of payments; reduction of unemployment; bettering the

competitive position of Spanish exports (involving an increase in productivity); elimination of regional economic differences; and improvement of the social, ecological and cultural frameworks.

The fiscal reforms required to align Spain with most members of the Community can be summarized in two words: fairness and determination. No country can avoid the occasional high-level financial scandal, but such scandals are more distasteful when they involve people in privileged positions or people who are able to carry out suspect operations almost openly because of their close relationship with the authorities.

The best way for Spain to guard against such outrages as the Matosa textile machinery scandal (in which a special pardon by General Franco got ministers and directors-general off the hook) or the Sofoca collapse (which wiped out the life savings of many small investors throughout Europe who had sought a retirement home in the sun) is to make sure that loopholes in the law are plugged and then apply the law equally to all. Unabashed patronage, of the kind which the late Generalissimo doled out to his generals and other loyal supporters, must be eliminated.

Spain must also reconstruct certain administrative bureaux, agencies and other relics of National Socialism, such as state monopolies which nevertheless leave handsome profits for a few private investors at the top, or the huge state-run industrial cartel known as the National Institute for Industry (INI). INI's basic function, that of creating and maintaining essential industries into which private capital alone does not venture, is worth retaining, however, even if its structure changes.

Perhaps most important, because it is so fundamental to fiscal reform, is the need to impose a fair, progressive income tax system and oblige Spaniards to pay their taxes. Tax dodging, the rule, rather than the exception, in Spain; as a result, the administration must rely heavily on indirect taxes for revenue.

The most important social change needed to bring the country into line with the Community is concerned with guaranteeing workers' rights. A royal decree early in March defined the right to strike, but how far the decree will be applied remains to be seen. Furthermore, there are other important rights of workers, such as the elementary one of free trade unions.

A proposed law which would give legal recognition to the already functioning but theoretically illegal trade unions, thus presumably saving their leaders from constant harassing arrests, was considered by the Cortes, or parliament, in March. This law was intended also to relegate the official state-run obligatory unions, but not to eliminate them.

However, the proposed law dwindled in significance, because it was designed to be enacted stillborn by a rump parliament heavily influenced by entrenched leaders of the official Sindicatos, defending their jobs and a system which is on its way out.

Spanish workers may have to wait until after the elections to see the rights which they are already taking consecrated in law. And that could take some time.

Last, but not least, from the point of view of one member of the Community, Britain, there is a bilateral political dispute, to be resolved, Gibraltar. The open-border policy of the Community would presumably have to apply to Gibraltar as well, ending the long-standing Spanish border blockade of the Rock. Undoubtedly Britain would like to be assured of this before casting its vote.

## Suitor still has to pass tests

by Michael Hornsby

Of those countries whose potential membership of the EEC looms largest on the horizon, Spain is by far the most important in terms of population, industrial strength and agricultural production.

The entry negotiations already opened with Greece and the internal discussions among the Nine about how best to respond to the membership application awaited from Portugal are deeply coloured by the knowledge that they are bound to be seen as setting precedents for Spain.

Madrid has long been a suitor at the EEC court, but as long as General Franco was alive there was always a strict limit on the degree of intimacy that was politically possible. As long ago as 1962, Spain applied unsuccessfully for associate status of the type first granted to Greece and later to Turkey, Cyprus and Malta.

In 1967, the Six opened negotiations based on a preferential trade agreement which was signed in June, 1970. This envisaged the elimination of trade barriers but not the full customs union which is the ultimate goal of association. Given the hostility to the Franco regime, the Spanish were lucky to secure even this limited arrangement.

A simple extension of the

1970 agreement to embrace the three new EEC members who joined in 1973 would have required Britain to raise its low tariffs on Spanish foodstuffs to the higher Community level. This would have been a severe blow to Spanish farmers who send between a half and three quarters of their wine, fruit and vegetable exports to Britain.

It would also have put up prices in Britain, a disadvantage not outweighed in the British view by improved access for British industrial exports to the Spanish market. The Danes were in a similar position, and the Nine eventually agreed on what was supposed to be a one-year reprieve for the Spanish.

This meant that Spain could continue trading with the three EEC newcomers on the same terms as in the past, the intention being that this standstill arrangement would in due course be superseded by a revised and more generous version of the 1970 agreement, which would bring EEC tariffs down closer to the British level.

Negotiations on this updated agreement quickly ran into difficulties, however, with the result that the standstill had to be extended and remains in force.

This lack of progress reflects a basic conflict of interest. The EEC wants an early elimination of remaining barriers to its industrial exports but continued protection for its farmers, where as the Spaniards are anxious to achieve maximum agricultural exports while still protecting their nascent industries.

It is accepted, however, that the standstill cannot be prolonged beyond July 1 for industrial goods and the end of the year for agricultural produce, these being the deadlines for the expiry of the transitional phase of the transitional phase of British, Danish and Irish EEC membership.

A decision on what should replace the standstill is complicated by the fact that the post-Franco Government has made it clear that it is now thinking in terms of negotiations for full membership rather than a mere trade agreement, however advantageous.

Moreover, democratization has gathered sufficient pace to suggest that by the end of the year Spain could well be a politically acceptable applicant for EEC entry (at least as acceptable as Greece or Portugal), thus facing the Community with a new situation.

In short, if the Nine share Spain's view of its future relations with the EEC—the Spanish have talked of membership in the early 1980s—there would seem to be little point in wasting further time in working out a new trade agreement which would itself quickly be overtaken by events. A stop-gap technical adjustment of the existing agreement would make more sense.

The second was the Reformation and the humanist phenomenon of the Renaissance which led, not without deep divisions and religious wars to tolerance of the heretic in Europe, whereas, under Philip II, the Spaniard was asserting his personality through the very rejection of the heretic, whether Protestant or humanist.

The third was the industrial and bourgeois revolution of the nineteenth century which brought a new type of man to the centre of the European stage. He was the descendant of the liberal (a word curiously enough "invented" by Spain), the progressive; in short the bourgeois with all his positive features which shaped a way of life, a way of thinking, working and creating wealth and, although now at a crisis point, held good for an entire century.

So far the EEC's reaction to developments in Spain has been ultra cautious. This reflects not only the legacy of mistrust bequeathed by fascism and memories of the civil war but also the fact that the Spanish political situation is genuinely difficult to assess, there having been no sharp break with the previous regime.

As Foreign Secretary, Mr James Callaghan probably articulated a general view early last year when he spoke of the need for Spain to be "well down the road towards a pluralist democracy" before negotiations for membership could be considered. This implies the ability to meet certain minimum criteria.

Free elections, freely competing political parties, free trade unions, freedom of the press and civilized treatment of minorities would be likely to be generally accepted as the broad headings under which the EEC ought to examine the political credibility of a Spanish application for membership.

Spain is already close to meeting some of these conditions. Elections are scheduled for the early summer, most political parties operate freely, the press is largely unfettered, the right to strike has been recognized and there has been a qualified amnesty for political prisoners.

On the other hand, the legacy of the Communist Party and non-government

trade unions is still in question. While some EEC governments might be prepared to overlook this—after all, the German Communist Party was banned for many years—others, such as the British and the Dutch, might well take a sterner line.

Political arguments are not always easily distinguishable from economic considerations. It has been suggested, for example, that behind the ideological importance countries like Britain attach to freedom for Spanish trade unions lies concern about the competitiveness of Spanish wages, which are much lower than the Community average.

The EEC is already the source of 35 per cent of Spanish imports, while the Community takes more than 47 per cent of Spanish exports. Ranking eighth in industrial production in the West, with a gross domestic product per capita comparable to the Republic of Ireland, Spain is altogether more developed than either Greece or Portugal.

That does not mean, however, that Spain would not pose formidable problems of assimilation. The heavy dependence on agricultural exports. Indeed, the Spaniards are the main non-Community producers of Community products and thus in direct competition with the Italians and French.

The hope is that towards the year 2000, as long as there are no reversals, we shall have evolved a Spain which is a vibrant European, being bound up with Europe's history, and which has actively and positively absorbed Europe's modern culture, from Luther to Freud, from Voltaire to Marx, subjected it to criticism, assimilated it and maturely incorporated it into its way of life at home and in the world. This is a long and difficult task, but one which today's thinking Spaniards are beginning to offer a worthwhile legacy to future generations.

The author is director of the government-run Public Opinion Institute.

## European commitment is clear

by Pablo Sela Hoffmann

It is fashionable to refer to Spain's European aspirations in a democratic context, particularly that of Spain's integration into the institutions of Western Europe.

One needs only to unfold a map of Europe to establish that Spain is indeed in Europe and one of its salient peninsulas, like Italy, Greece or Scandinavia, although its position is peripheral. One quickly realizes, however, that geography alone does not tell the full story because the United Kingdom is not part of the Continent, although its European commitment is clear.

Consequently, there needs to be a second alignment, an historical one stemming from the realization that Spain, too, was host to many of the invading peoples who make up the European ethnic cultural heritage, and in par-

ticular the Indo-European, Celtic, Germanic and Slav peoples. On the other hand, however, we observe that whereas Europe was Greece during the classical age (and Spain was marked by the Greek influence) and whereas Europe was Rome during the age of the Empire (and Spain was, and still is, marked by the Roman influence), Europe today is something different.

This difference lies in the attitudes to life which have their origins in three features of Europe's development and in regard to which Spain is, at least, a case apart. The first of these features was feudalism, bringing to Europe a series of developments and problems which Spain experienced less or not at all, being engaged in coexisting or warring with the Moor, whereas the "Europeans" had breathed easy since the Battle of Pothiers when the invaders were driven back to the Spanish side of the Pyrenees.

The second was the Reformation and the humanist phenomenon of the Renaissance which led, not without deep divisions and religious wars to tolerance of the heretic in Europe, whereas, under Philip II, the Spaniard was asserting his personality through the very rejection of the heretic, whether Protestant or humanist.

The third was the industrial and bourgeois revolution of the nineteenth century which brought a new type of man to the centre of the European stage. He was the descendant of the liberal (a word curiously enough "invented" by Spain), the progressive; in short the bourgeois with all his positive features which shaped a way of life, a way of thinking, working and creating wealth and, although now at a crisis point, held good for an entire century.

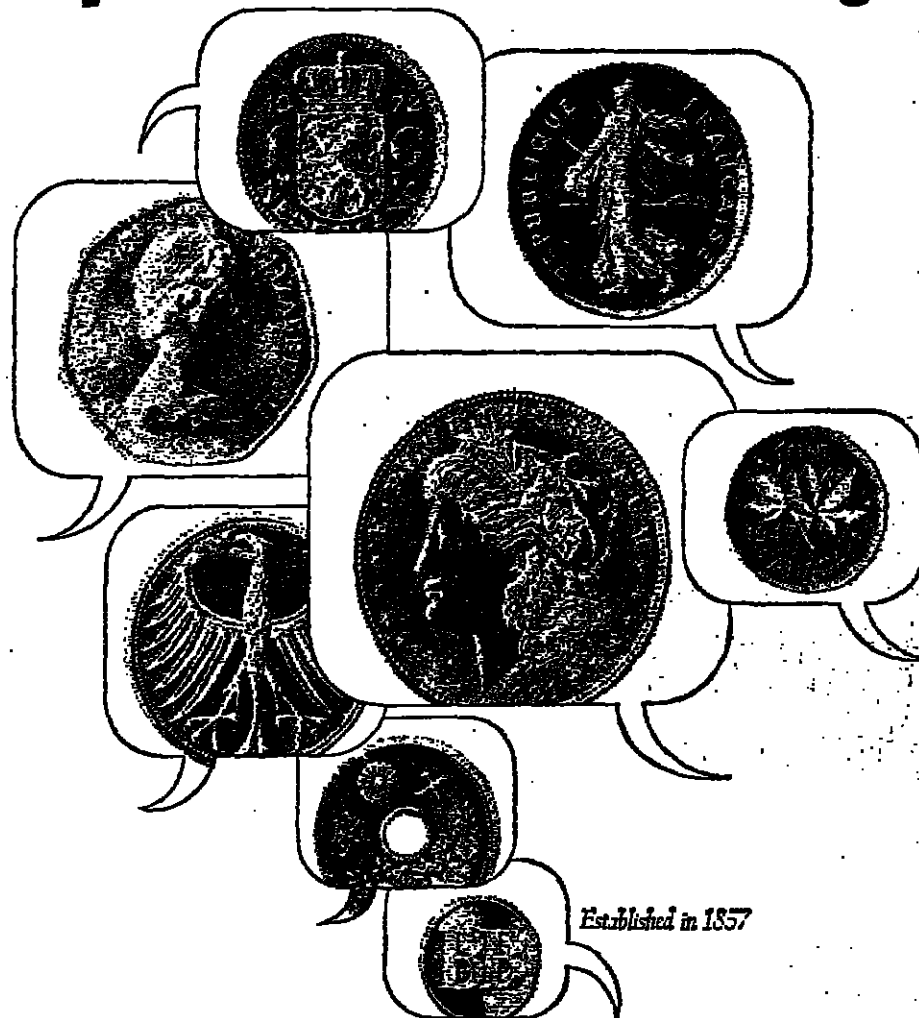
Spain, then, had its Christians, old or new, as opposed to Protestants; it had its

orthodox and traditional thinkers as opposed to humanists and reformers. It also had its conservatives and aristocrats as opposed to a bourgeoisie and a liberal middle class. Finally, in the twentieth century when all Europe was committed to the struggle against fascism and later against the Nazis, Spain was deemed by history to lean towards the camp of the losers of the Second World War and therefore marked off from the rest of Europe.

It is, therefore, valid to refer to the one hand to the wide avenue along which Spain has pursued its historically different course and on the other to a narrow Hispano-European path trodden by Jews, Protestants, heterodoxes, reformers, humanists, liberals, progressives, deists, encyclopaedists, masons, republicans, democrats and even socialists.

It will be necessary to retrace the steps of these Spanish outcasts, to reintegrate them, absorb their

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BANCO DE BILBAO



Harry Debelius examines the implications of integration for business, the economy and political institutions

## Gloomy industrialists await doomsday

Now that the political problems are near solution and Europe appears to be about to open the door to Spain, the question is strongly debated in Madrid, even as the Government goes on, full speed ahead, with plans for membership as soon as possible.

In agriculture, Spain is ready and waiting, confident that it can compete if given a fair chance. But in industry some businessmen have serious misgivings. While those in petroleum refining are waiting to put their excess refining capacity to work, many of those in such industries as the manufacture of household appliances are frightened of being driven out of the domestic market by EEC manufacturers.

In other industries, there are mixed emotions. While the future of Spain's biggest car manufacturer, Seat, is unclear because its largest share is bound to be chopped down by imports from Community countries, the future of Ford, for instance, looks bright. Oriented primarily towards the export market from the beginning, Ford España expects to continue according to plan with little change at the time of integration.

In 1978, Ford expects to improve Spain's trade balance by more than £17m. Production at the new Almusafes plant near Valencia will eventually be 440,000 engines and 280,000 cars a year.

Although the plant has been in operation for less than a year, the factory has already produced more than 200,000 engines for the Fiesta, most of them for export. Geared for competi-

### Enticing market for Europe's manufacturers

The gloom is so deep that some businessmen are convinced that integration will force many Spanish companies out of business, thus increasing the level of unemployment; the balance of payments deficit will swell even more; foreign companies will "colonize" Spain, and the resulting economic hardships will affect political stability. In short, for some, integration day looks like doomsday.

The pessimists point out that Spain is an entering market for Europe's manufacturers, as indeed it is. They claim that most of Europe's industry is better able to compete and hold

out in a competitive struggle than Spain's—also probably true at least for the time being.

Europe's salesmen have their eye on Spain because in terms of its gross national product Spain is probably bigger than Portugal, Greece, Turkey, the Irish Republic, Luxembourg and Iceland combined. Spain already buys as much from the EEC as Greece, Turkey and Portugal combined.

So much for the voices of doom. There are other Spaniards who look forward to the competition from the rest of Europe in Spain, provided that they can get the opportunity through membership in the EEC.

Spain is the twelfth largest steel producer in the world, ahead of such countries as Austria, Yugoslavia, Portugal, Greece and Algeria. It is already competing well in iron and steel in Europe; it is the seventh in the world list of cement producers, eleventh in energy.

A report prepared by the Superior Council of the Official Chambers of Commerce, Industry and Navigation of Spain shows that Spain is the EEC's seventh most important outside supplier and fifth biggest customer. Among non-member countries in the Mediterranean area, Spain heads the list both as supplier and customer, being responsible for a third of the trade between the Community and non-member Mediterranean countries.

Furthermore that report says: "The average tariff

protection offered by the EEC to industry is not excessive; and it cannot be said, with the exception of a few products, that it is really a determining factor in judging the viability of any given (Spanish) export."

Spanish industrial exports to the EEC are a small share of the market in the case of most products, although that share is important for Spain in terms of percentages of total sales; compared with machine tools, the degree of dependence (on the Community) is less and the possibility of diversification of markets is greater.

One typical product which Spain sells in Europe is such items imported by the original six, according to the report prepared by the superior council. Competition is heavy, with Spain in seventh place among suppliers of the Community.

More than half Spain's exports of equipment for land, Sweden and Austria.

Typewriters are another important Spanish export. The European Community normally buys about 48 per cent of Spain's typewriter exports, which compete satisfactorily with those produced in Switzerland and Sweden. Spain supplies the original six member countries with 21 per cent of their typewriter imports.

That makes Spain the second biggest outside supplier of typewriters for the EEC, behind Switzerland but ahead of Japan.

More than 30 per cent of Spain's exports of batteries go to the EEC, and they represent slightly more than 4 per cent of the total of such items imported by the original six, according to the report prepared by the superior council. Competition is heavy, with Spain in seventh place among suppliers of the Community.

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That makes Spain the second biggest outside supplier of typewriters for the EEC, behind Switzerland but ahead of Japan.

## Still a long way to go to respectability

Spain has come a long way, politically speaking, since the European Parliament discussed Spain's acceptability last May; but there are still important changes to be made in the bureaucracy and institutions left to the country by General Franco.

M Maurice Faure, chairman of the political committee charged with assessing Spain's possibilities at that time, said then that a majority of the committee had expressed objections to the Government's apparent intention of denying legality to the Spanish Communist Party (PCE).

This month, the PCE, led by the Eurocommunist, Señor Santiago Carrillo, has presented its arguments in favour of legality before the Supreme Court which, according to a royal decree, was supposed to decide the sensitive issue. In the meantime, there seemed to be little, if any, restraint on the political activities of the party, which was the first to announce its candidates in the coming elections.

### No censorship of journalists

For an illegal party, it was far from clandestine when it hosted the Eurocommunist summit meeting at the luxurious Melia Castilla Hotel in Madrid, with the protection of the police.

The only notable restriction in connection with the Eurocommunist meeting was the Government's prohibition of a scheduled public political meeting at which the secretary general of the French and Italian parties, M. Georges Marchais and Signor Enrico Berlinguer, were to appear with their Spanish counterparts, Señor Carrillo. There was no interference with the activities of journalists, whether Spanish or foreign.

M Faure also lamented reports last May of the arrests of labour leaders and argued in favour of workers' rights in Spain.

While the arrest of a labour leader is still not unheard of in today's Spain, it is becoming less frequent (except perhaps for the politically oriented arrests of a number of leaders of illegal trade union organizations during the past two months under emergency powers for police introduced after a wave of terrorism). Most of the technically illegal labour movement no longer make a secret about who their leaders are.

The General Workers' Union (UGT), the union which is allied with the Spanish Socialist Workers' Party (PSOE), held a national congress unopposed in the Spanish capital last year. The communist-influenced workers' commissions openly recruit members in the factories with little interference.

A proposed law on trade unions, which the Government said that in order for Spain to become a member of the European Economic Community, it would have to do away with the elected state-run syndicates. But, however grudgingly, the proposals would give legal status at last to trade unions which are independent of the state.

The right to strike, in terms which the Government claims are comparable

to those prevailing in other Western European countries, has just been established by royal decree. It was easily the most outstanding, but not the only, labour matter decided on by the Cabinet in its marathon session at the Prime Minister's Moncloa Palace in Madrid on March 4.

According to a résumé of those matters released by the Ministry of Information and Tourism, the new measures "draw their inspiration from the principle of the liberalization of labour relations". Among other things, the decree specifies that strikes by persons employed in essential public services are legal in certain conditions. It also confirms the right of management to lock out strikers and, significantly, it makes it easier for employers to dismiss workers.

The latter point has caused considerable discussion. Under the previous system, employers could not dismiss a worker without paying a heavy penalty or unless the worker had committed some grave fault. While some trade unionists looked upon it as a protection for the worker, industrialists have long claimed that it inhibited them from hiring new employees to expand their operations, and thus was counter-productive for the economy.

One important gain for the illegal trade unions in the decree is the recognition of the legitimacy of strike committees. Up till now pickets and strike leaders have been arrested almost as a matter of course, even duly elected shop stewards on the lowest rung of the state-run syndicates' hierarchy.

Despite its apparent advantages, the decree drew smouldering looks from most leaders of Spain's powerful outlawed trade unions. Señor Manuel Chaves of the UGT called it a "provocation for the working class". Señor Manuel Zaguire, of the Socialist Workers' Union (USO), commented that the measures outlined in the decree are useless and will not serve to settle any labour dispute.

Nicolás Sartorius, a Communist member of the workers' commissions, considered the distinction which the decree makes between legal and illegal strikes unacceptable.

### Unjustly dismissed workers must be rehired

Señor Gómez Casas, Secretary General of the National Workers' Confederation (CNT), the anarchist trade union, feels that the decree does not essentially modify the existing laws regarding the relationship between worker and employer.

One thing the trade unionists did not complain about is a provision of the decree which obliges employers to rehire persons whom the courts consider to have been unjustly dismissed.

During the discussion at the European Parliament last year, the Christian Democrat said that in order for Spain to become a member of the European Economic Community, it would have to have a democratically elected parliament. Socialist delegate, however, expressed serious doubts about the future composition of the Spanish Parliament. In addition there was widespread concern about human rights in Spain.

As for the doubts about

electrical circuits go to the EEC, representing 3 per cent of the imports of such items in the Community. Spain is in fifth place on the list of suppliers, with the United States at the head of the list.

While the effects of inflation are momentarily making inroads into those figures, that problem can reasonably be expected to be sorted out long before integration. Most of those products and many others should have an excellent chance of holding their own against similar goods manufactured elsewhere in Europe when Spain finally becomes a full member.

Although some pessimism may be justified for the time being, and in certain industries, Spain seems to be sufficiently developed so that the overall effect of integration on the country's industry will be beneficial even if some marginal ventures suffer.

If, as it is generally assumed, Spain's entry into the EEC is a national objective, then, according to a recent issue of the *International Bulletin of the Bank of Vizcaya*, "It is evident that the major problem which the Spanish society faces is the unfavourable balance of payments. . . . Suffice it to say that, in the current situation of deficit accounts, it is impossible to carry out a sustained process of expansion over a relatively long period without the level of foreign indebtedness reaching dangerous heights."

There is no doubt that Spain will have to reduce its payments deficit drastically or, better still, eliminate it, if the country is to enter the European Community on the right foot. But how? Devaluation or some other form of readjustment of the foreign exchange rate does not seem to be an ideal solution, certainly not alone.

Perhaps such a solution might have a favourable effect in combination with other measures, and it would make the sale prices of Spanish exports more competitive. But timing would be important, and the fact that the nation's oil bill must be paid in dollars has to be taken into account before exchange rates are readjusted.

Such a step might be taken in conjunction with short-term loans from abroad and other measures to dampen the inflationary effect. But those measures would have to be enforced seriously, or they would be useless. It is a foregone conclusion that the Spanish Government, with elections just around the corner, is not going to get involved in unpopular measures of this kind.

While Spain waits to enter the Community it will do well to continue building

up as much trade as possible outside. Such markets are useful not only for bringing the balance of payments into the black. They also represent good bargaining points to negotiate a better deal from the Community when it comes to increasing the special conditions which Spain will undoubtedly ask for to soften the blow of entry. Furthermore, if they are well cared for, those outside markets will always be something to fall back on if the courtship with the Community ends in argument.

This brief attempt to analyze the effects of integration on Spain's economy can deal only with the broad picture, and it can only use as a starting point certain present difficulties which, if Spain is lucky, will have been eliminated by the time the day of entry comes. The elimination of those problems as a desirable prior condition for membership can be considered an indirect effect of integration, in contrast with those effects which will be noticeable after integration.

Whether the effect of entry is slight or a blow to Spain's industry will depend not only on these preparatory steps but also on the ability of Spanish negotiators to win concessions in the interim arrangements, which will be the subject of negotiations beginning next month, prompted by the end of the standstill by which Britain was eased into the EEC. The traditional trade relationship between Spain and Britain means that Spain will feel the jolt on July 1.

### EEC can bring country many benefits

Provided that Spain's own industry has reached a level where it can safely compete with the giants of the more industrialized countries north of the border, provided French farmers have the same respect for Spanish produce which their Government professes to have, provided in short, that Spain gets a square deal, membership of the EEC will bring the country many benefits.

It will shorten its lines of supply and distribution abroad by increasing the now artificially limited exchanges with Europe as a result of fiscal and political barriers. It will make this country's most logical natural market, Europe, more accessible. As a spin-off, it will probably increase cultural exchanges between Spain and the rest of Europe.

The new relationship should theoretically inspire greater confidence in the Spanish economy, encourage more investment, from removal of tariff walls and other factors should cut distribution costs on some goods. With minimum prices for agricultural products fixed at European levels, Spanish farmers will be in a position to improve their living standard.

If all goes well, the European market may solve another problem of production which has kept costs high in industrializing Spain: the short series. If, instead of producing a few

hundred of any given item, a Spanish manufacturer with a basically good product can justify the production of a few hundred thousand, his costs will go down, and his competitive position will improve, in theory. Short series have been a big drawback in Spain to now, since the domestic market, for all its growth, still has a good way to go before its purchasing power can be compared with that of other European countries of similar size, such as France.

Increased production might induce Spanish manufacturers to dedicate more attention to research, with the consequent benefits of a big drawdown in the cost of research under way in Spain, and a considerable sum is spent every year on royalties payments. Almost every principal product of manufacturing processes is foreign-licensed.

Spanish inventors generally try to sell their patent abroad rather than at home. It is not uncommon for an article under foreign licence to be bigger than the original where the original price or article was developed.

Whether Spanish manufacturers would benefit greatly from membership of the Community is highly debatable. All cars now produced in Spain are made under foreign licence, on high import duties and restricted import quotas limit the number of cars sold elsewhere which are sold in the country. If integration means easing of car import duties, the number of cars imported might be forced down, as imports which are not easily available might cut into the sales of Spanish-made vehicles.

Considering that the Spanish economy is still largely farm-oriented, there are potentially important benefits to be gained if farmers when Spain becomes a partner in the great European venture Spain's climate and fertility in certain regions, combine with extensive irrigation schemes, put the country in a better position than are to keep much of Europe supplied with fresh fruit and vegetables. After in membership, Spain's produce will be able to compete more freely, through out Europe, and Spanish farm surpluses will find a ready outlet and at more attractive prices than at present.

But it will not be all good news for Spain. The flood of manufactured goods which will pour over the Pyrenees from the busy factories of Europe will certainly catch many margins. Spanish companies by price and business failure could follow.

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## Spain and the E.E.C. need each other

"After all, Spain cannot remain alone forever". That is how one young Spanish executive put it recently in Madrid, explaining in very human terms that Spain has more than just economic reasons for joining the European Economic Community.

"Spain is part of Europe, and we are seeking to align ourselves with Europe in many ways", the executive said; "we have many affinities, you know: we do business together, we are neighbours, we are all part of the Western European cultural complex."

He continued, in a reference to the gap still existing—but fast being closed—between the level of development in his country and the European average, "When we join, Spain may not be the best-dressed member of the club, but she will be the belle of the ball. The flirtation between Spain and the EEC has been going on a long time and we need each other."

He pointed out that, after reducing the question to simple economics for the sake of argument, Europe has as much reason for wanting Spain to join as Spain has for knocking at the door.

In 1975, nearly 35% of Spain's total imports came from the European Community. And if petroleum imports are excluded from the calculations, then the Community's share of goods imported by Spain goes up to 43%. That same year, nearly 45% of Spain's exports were shipped to Common Market countries. Nearly one-fourth of Spain's trade deficit resulted from commerce with the EEC.

It is in the interest of the EEC to foment more trade with such a good partner.

Contrary to what some persons north of the Pyrenees might believe, most Spanish industrialists do not seem to be unduly alarmed by the prospect of European competition in general, and they are probably even less afraid of British industrial competition, notwithstanding Britain's vast experience and respectable position among the industrial powers of the world. Britain and Spain are

ancient trading partners, with a good working relationship that predates the formation of the European Community.

For the most part, Spaniards seem to feel that they are about as ready to enter as they will ever be—in spite of the results of the oil crisis, inflation and what they hope will be only a temporary reduction in the competitiveness of Spanish exports.

The question of the competitive position of exports, after all, is sometimes impossible to control, since it does not depend entirely on domestic factors. Products are often cheap or expensive on the international market as a result of currency fluctuations, which arise from complex causes.

The plunge of the lira, for example, turned Italy into a difficult market for Spain and other countries to penetrate. The lira has slipped so far with relation to the peseta that Italian goods are more competitive. On the other hand, although the pound sterling has suffered a long slide, it has lately begun to recover against the peseta and certain other currencies.

As a matter of fact, paradoxically, the sector of the Spanish economy in which there is greatest concern about competition is agriculture—the same sector which so inspired farmers in Britain and France to demand protective measures. It is true that some Spanish farm products, such as asparagus, for example, are quite competitive; but others, like sugar beet, are much less so.

Where Spain's agriculture can benefit is in the sale abroad of products which Spain can produce competitively and in quantity, and which other Community members export little or none of, such as citrus fruits. (While it is true that Italy is a citrus fruit producer, much of the Italian crop is consumed at home and—by comparison with Spain—relatively little is exported.)

There is one political problem which Spain may yet have to face, although the possibility has been almost

ignored so far: the problem of whether the people or their elected representatives should have the final say about membership.

It is a question which could easily come up in this historic period of transition in Spain, during which many citizens are closely scrutinizing the attributes of a government in a free state: for membership in the EEC, in the opinion of some political thinkers, actually implies a reduction in sovereignty, or at least a transfer of a part of the country's sovereignty to Brussels. Once a country has become a member, certain decisions affecting its national interests are made not by its own parliament, but by the European parliament.

Perhaps Mr. Harold Wilson's decision to call a referendum on the Common Market was not merely an obligatory political manoeuvre resulting from his stand on the issue when his party was in the opposition.

So much for the long term. There is a much more immediate issue to be resolved between Spain and the Community: the details of the relationship which will be in effect as of next July 1 (or January 1 in the case of horticultural goods), when the "stand-still" declared at the time of Britain's entry runs out.

At present Spain's exports to Britain are important from the point of view of both countries, particularly her exports of farm products and processed foods. If British duties go up, as they must, on July 1—or on January 1 for horticultural goods—Spanish exports will be stalled and British housewives will have to pay more.

There is no need for such a situation, according to Spanish negotiators in Brussels. Spain has proposed that the 1970 agreement which she signed with the EEC be slightly revised in order to find an acceptable balance between trading partners. Spain's objections to continuing under the 1970 agreement without revision take into account the irrefutable fact that the agreement was negotiated with a European Community of six members and now there are nine. Spain feels that any concession she makes should be compensated by concessions made

by the three new members. What Spain is asking for, in the opinion of businessmen in Madrid, is little more than a symbolic concession.

Spain may find in Britain an advocate for her cause in the effort to reestablish that balance in the interim, while both Spain and the Market get ready for the big day a few years from now. The short term situation with regard to trade with Spain is not one to make British economists happy. The end of the stand-still will mean that duties on Spanish agricultural products shipped to Britain will be higher, whereas duties on industrial goods imported into Britain from Spain will be proportionately lower—in other words the current duty situation will be reversed, and that is bound to hurt both countries.

Spain rejects the idea of a simple across-the-board application of the 1970 agreement with no further adjustments, which the EEC negotiators would apparently like to impose on Spain. To do so would prejudice Spain's interests. While Spain is anxious to remain on good terms with the EEC, with an eye on future unity, she cannot afford to let down her guard and weaken—rather than improve—her chances of eventual entry in optimum economic conditions.

Current economic problems which affect not only Spain but the rest of the world as well have been dwelt upon by the opponents of integration within Spain. But the voices that have been raised are few, and the Spanish government does not seem to be paying attention to them. Rums is hardly around the corner, considering the high level of development which Spain has reached. On the contrary, the country's leaders seem convinced that membership will be beneficial to both Spain and the community.

Naturally there will be some trauma. Integration simply cannot be accomplished painlessly. The shock is bound to be felt on both sides at first, but if the negotiators for both parties are realistic, the discomforts will be only momentary and the advantages will be lasting.

## Growth rate indicates vitality

The structural changes in the Spanish economy speak well of its vitality.

Spain's annual rate of growth during some years rivaling that of Japan, averaged nearly 7% over the past 15 years—much higher than those of France, West Germany and the United States.

While Spain remains an important agricultural nation, the balance of exports is heavily in favour of industry. In 1975 only a little over 22% of Spain's exports were agricultural goods; of the remainder, 23% were consumer goods, over 21% investment goods and the remaining 34% were raw materials and semi-manufactured commodities. Only 10 years ago food amounted to 47% of Spain's export total.

The industrial development which Spain has undergone in the past two decades particularly has paralleled a growing interrelationship between the world economy and that of Spain, as shown by trade figures, both imports and exports. Other phenomena have accompanied this development. Spain has come out of her post World-War Two isolation. Sun-seekers by the tens of millions every year have made this one of the world's best known countries. Political evolution is taking place rapidly. Spain

feels herself a part of Europe, and the feeling is probably mutual.

By 1973 Spain's gross industrial production had more than tripled compared with that of 11 years earlier. In 1974 it continued to climb. And in 1975, although it dipped as a result of the universal economic recession, it still more than tripled the 1962 figure.

The per capita income in Spain in 1975 was 2,403 dollars. The economic importance of the country can perhaps best be grasped by looking at the trade figures. Spain's total imports in 1975 amounted to 931,985,000,000 pesetas (about £7,900 million at current exchange rates) and her total exports were 441,091 million pesetas (over £3,700 million), leaving a deficit of 490,894 million pesetas (nearly £4,200 million). Of course about 200,000 million pesetas (about £1,700 million) of that deficit represented the cost of keeping Spain in petroleum for the year.

Steel production, vital for a country with constantly increasing industrial needs, is a good indicator of the state of the economy. In 1966 Spain produced less than four million metric tons. Until the mid 1950s, Altos Hornos de Vizcaya in Bilbao was Spain's largest iron and steel works. But in 1957 Ensidesa began production. In

1975 Ensidesa became even bigger by taking over Uninsa. Ensidesa's mills are at Aviles and Gijón, both in the North of Spain. A new integrated complex, with a projected annual rate of production of six million metric tons, is under construction at Sagunto, near Valencia and, incidentally, near the huge new Ford motor company plant. In 1975 Spain exported two million metric tons of iron and steel products.

In shipbuilding, Spain occupies fourth place in the world. Over the past decade buyers from more than 50 countries have chosen Spanish-built ships. This is one of the industries which most dramatically reflected Spain's industrial upsurge, although it is currently affected by the worldwide retraction in the industry, with orderbooks much slimmer than shipbuilders would like.

Spain's best market for capital equipment is the EEC. Over the past 15 years, assimilating new technology, both domestic and foreign, this industry grew rapidly. Within that period, the value of capital equipment produced rose tenfold, and Spanish technology successfully entered into such highly advanced areas as electronics, and equipment for nuclear power plants. (Over 9% of Spain's electrical

energy comes from nuclear plants; by 1985 the figure will be close to 23%.)

The names of some of Spain's biggest industrial concerns will have a familiar ring in the ears of English-speaking people: Babcock and Wilcox Española SA, Firestone Hispania SA (manufacturing in Spain since 1933), Ghesa (Gibbs and Hill Española SA), General Electric Española SA (with three Spanish plants), Worthington SA, Westinghouse SA (which has delivered nearly 100 electric locomotives to the Spanish national railway system, Renfe) Union Explosivos Rio Tinto SA (with its affiliated companies, the largest industrial holding group in Spain).

Spanish technology is making its mark around the globe too. Through the coordinating office, Tecniberia, Spain offers an army of engineers, architects and other skilled specialists capable of carrying out studies, designs and plans for major engineering projects anywhere. Such projects involving Spanish participation have been carried out in Europe, the near East, the Far East, Africa and Central and South America. Tecniberia also has experience in providing technical assistance to governments in tourism and economics.

## Foreign investors bet on Spain's future

Foreign investment has played a big role in Spain's development, and it is destined to continue to play an important role in the foreseeable future. Spain encourages investment from abroad, benefiting not only from the obvious consequences, such as more employment opportunities for Spaniards, but also from the know-how of highly industrialized nations.

With the help of foreign capital, Spain has been able to build many modern factories, often much more efficient and better designed than older factories of the same companies abroad.

Spain's impressive growth, the importance of her domestic market, and her gradual approximation to the EEC are bound to attract investors.

Liberal legislation regulates foreign investment; generally speaking, government approval is not even

required for investments amounting to less than 50% of the total capital of a company. Justified investments involving a larger percentage need official approval, but the chances of getting such approval are usually pretty good if the investment looks advantageous for Spain.

There has recently been published a measure by which foreign investments (in several fields) can be as much as 100% of the Company's capital. The only requirement is to communicate this fact to the Government.

Spain's labour force is much better trained now than it was only a few years ago. Two things contributed to this situation: first, the economy's rapid growth encouraged government and industry to conduct training programmes, frequently in collaboration with one another, and secondly, after the petroleum crisis hit

Europe, some of Spain's emigrants who had learned trades in European factories came home to add to the variety of skills available in the Spanish labour pool. There is unemployment in Spain, aggravated by the return of the emigrants, but it is less severe in terms of percentage than that of a great many other industrialized nations.

Various laws, plans and programmes offer incentives for the establishment of industries in certain parts of the country which have lagged behind in industrial development. Such zones usually have an abundant supply of labour.

Through commercial offices in 42 countries (plus an EEC Mission in Brussels, a Permanent OECD Mission in Paris and a Permanent Delegation for United Nations and other international bodies in Geneva) and Spanish

chambers of commerce in 34 countries, Spain offers information and assistance to Spanish and foreign businessmen alike.

At home the administration helps to promote foreign trade via cooperation in a number of offices, each of them orientated towards a certain industry: amongst these are Construnaves, the Spanish Shipbuilders' Association; Herramex, Export Services for the National Hand Tool Manufacturers' Group; Seopan, Association of Spanish Construction Companies; Sercobe, Spanish Capital Equipment Manufacturers' Association; Sernauto, Office for Coordination and Information in the field of manufacture of automotive equipment, spare parts and accessories, and Tecniberia, Spanish Association of Study Service, Design and Research offices and firms.

## How Spanish businessmen feel about the E.E.C.

In a sampling of opinion published recently by the magazine *Europeo*, a number of leading Spanish businessmen left no doubt about the desirability of entering the Common Market from Spain's point of view.

D. Eduardo Arruga, Chief of General Planning for Nestlé in Spain, said:

"The integration of Spain into such a supranational environment is not only advisable, it is a necessity for the future of the Spanish economy... necessary because, in the new international order which has been developing, especially since 1973, a country cannot remain tied down by nationalistic dreams which might lead it into a certain kind of dangerous isolation with respect to the large blocks. Evidently Europe is the ideal framework for such an integration, as much for geographic and historical reasons as for political and economic ones...."

"A gradual integration is needed to give time to the Spanish economy to get ready."

D. Fernando Morales, Director General of Planning of the Bank of Granada, commented:

"If we bear in mind that our greatest volume of trade is with the countries of the Community, that our techniques of business management are based on—or at least there is an attempt to base them on—European methods, that the highest indicators of well-being correspond to Europe and that we seem to be evolving toward a political situation of European fashion, it is reasonable to conclude that our integration into the Common Market would surely be tremendously positive.... We must absorb the European mentality and industrial civilization, in addition to seeking new ways to look upon life. Europe today can be a good school, if we know how to take advantage of what

it can teach us.

"Already we know there are going to be problems, but we don't think they will be unsolvable. Of course many marginal firms will have to close down or else radically reorganize.... The competition of the Common Market firms will undoubtedly be beneficial, and it will stimulate us to find new outlooks and new formulas for management, production and sales."

D. Francisco Jose Mañas Lopez, Executive Director General of the Pastor Bank, remarked:

"In the long run, Spain's integration into the EEC will undoubtedly be beneficial for our country, and it will present the opportunity of consolidating the development of recent years by incorporating us into a stronger economy which will oblige us to rationalize the production framework. And this is precisely the short-term problem.

The accommodation of the Spanish industrial (and even the commercial) sector to the European pace will create problems for some firms which have not been able to sufficiently modernize their production methods and organization. For this reason, and to minimize these difficulties, which I might add are perfectly logical if we bear in mind the speed of Spain's development, the process of integration should be studied carefully...."

"It does not appear that the Spanish banks comprise a sector which will run into trouble when Spain joins the EEC. The level of service and their experience in acting in international financial markets is sufficient guarantee of their capacity to handle themselves outside the borders of the country. Nevertheless, in the period prior to integration, the administration will have to study carefully the level of competence in the internal market...."

### Spanish Commercial Offices in the E.E.C. area.

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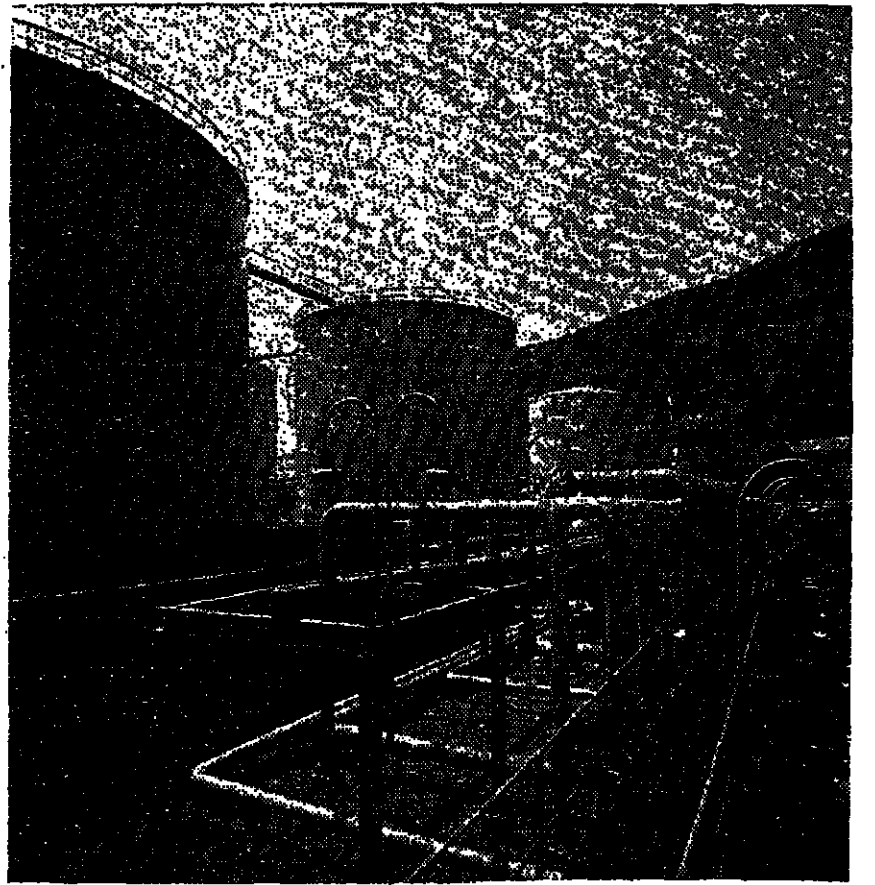
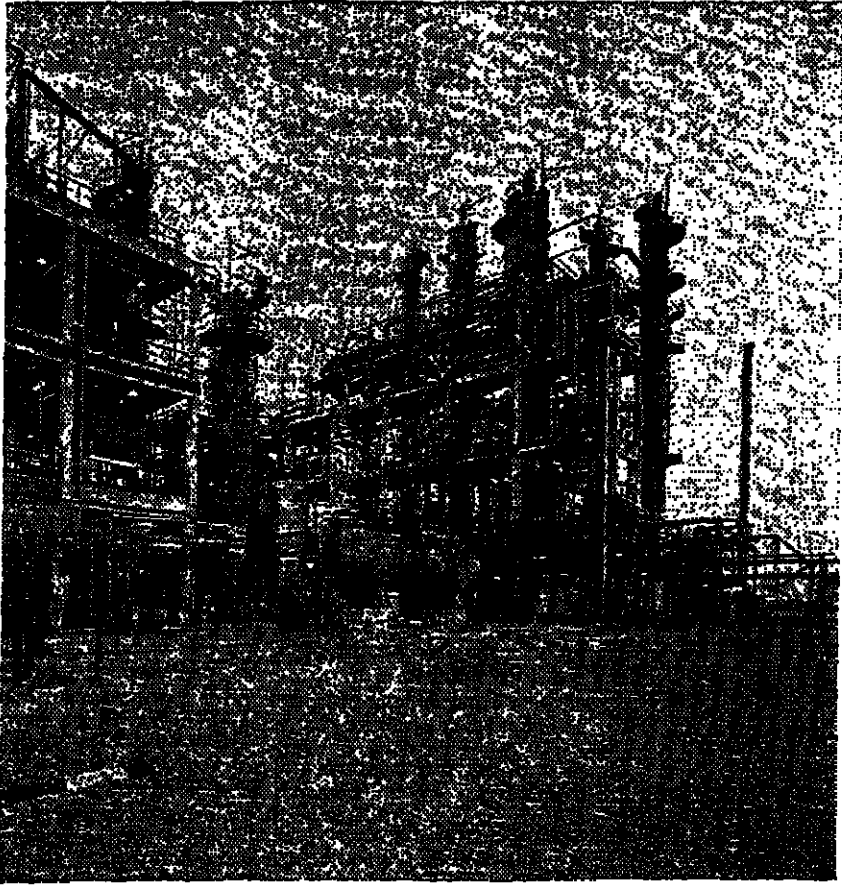
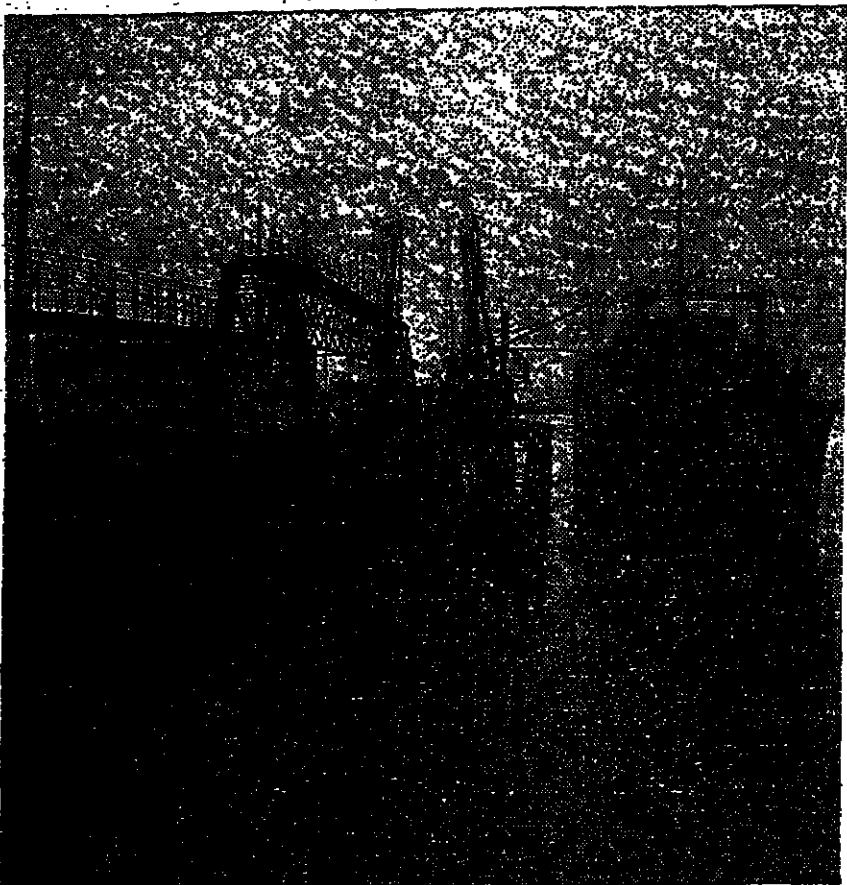
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## The case against: why not another trade group?

by Antonio de Miguel

Recently it was announced—we suspect to the satisfaction of most Spaniards—that it will be some time before Spain can join the EEC. Spain has been waiting 20 years since one of its foreign ministers, Señor Fernando María de Castiella, requested membership.

concrete actions. Nevertheless, Spain finds itself so tied to the Community that it is impossible to make a move without generating acute economic problems.

Considering the present structure of Europe, the Community knows well that it can rely on Spain to continue to play a docile role, respecting the status quo. So confident is the Community that it does not bother to offer Spain the least satisfaction.

Now that countries everywhere are concerned about raising or at least maintaining their export levels, it

would be quite another matter if the European Economic Community had at one time or another been worried about losing its Spanish client. This client may not be of great importance in the overall international trade figures, but it has been faithful up to now and has gone along with the Community's whims and caprices. Europe does not have to worry about Spain.

Nevertheless Spain's political framework is changing. Is it too far-fetched to assume that the economic structure will also undergo substantial change? Without a doubt, Spain has possibilities for change now

which were undreamt of before. Why should it be forever subjected to the iron rule of the western countries which make up the EEC.

If you have any doubt about it, look at the number of big disputes between members of the club, despite the solidarity bestowed on them by the Treaty of Rome.

That solidarity, as the quarrels demonstrate, has always been rather doubtful. Consider the dispute between France and Belgium over the closing of the Borinage coalmines.

We Spaniards could bear all that, provided there was no other possibility for economic relations in other areas which are just as European and just as important.

But what would happen if some day the Spaniards should look towards the communists and exchange exports for imports from central Europe and the East? Is there no other European trade organization but the EEC? Why not try to make special deals—

with Comecon and Efta for example?

Spain can coexist with the Marxists without losing its traditional anti-Marxism; it is demonstrating that admirably now, at least in trade

relations, as an area little tainted by politics.

It is hardly wishful thinking either to suppose that certain countries which are in the European Economic Community might eventually be involved in other purely economic or specific commercial circumstances which might induce them to leave the Community to go their own way with more freedom and independence than they now enjoy.

Above all, in the unlikely event that it becomes possible for Spain to get into the European Community, it is demonstrating that admirably now, at least in trade

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The author is a freelance commentator for the Spanish press.

## Membership may prove mixed blessing to the Canaries

by William Chislett

Although the Canary Islands are only 70 miles off the coast of West Africa, they have always looked to West Europe for their culture, political thinking and general mores.

Apart from a small break-away movement—the Movement for the Self Determination and Independence of the Canary Islands, led from Algiers—the islanders feel themselves part of Spain, although they are 1,000 kilometres from the mainland.

The movement is not regarded very seriously by islanders or by the Government, particularly as the police claimed in February to have almost broken up the organization. Nevertheless the idea of some degree of autonomy is strong in the minds of islanders, including the more conservative ones. There is a widespread and deep feeling, as in other Spanish regions, of being neglected by Madrid. In administrative matters the fair-skinned islanders feel the distance from the mainland.

EEC membership would benefit the booming tomato and banana growing industries in the Canaries. Membership would mean that the existing tariffs in the EEC countries against Spain's products would come down. The Canaries, Spain's leading area for

bananas and also one of the chief tomato growing areas, will feel the pinch a little after July when Britain's tariffs come into line with the rest of the EEC.

Tomato growers in Britain protested at the annual meeting of the National Farmers' Union in January that Britain would be flooded with cheap tomatoes if Spain joins the Community. They demanded protection for home growers. Worried growers said that Spain alone produced more tomatoes than all the EEC countries put together.

The unknown factor in the Canaries becoming part of the Community is what will happen to the free-port facilities. Radios, tape recorders and whisky, to name but a few of the goods, are available at prices unmatchable elsewhere in Spain. Would the island's important tourist industry be affected, or would a special kind of agreement be made for the Canaries whereby some of the facilities would be retained?

While holidaymakers mainly go to the Canaries to bronze themselves, the lure of being able to buy goods cheaper is an added attraction and were the benefits to disappear the number of tourists could go down. This would be a blow for the islands as the economy is ailing after the ceding of the Spanish Sahara to Morocco.



A place out of the sun at Palma de Majorca. Right: caves on Grand Canary like those in which the Guanches, the original inhabitants of the islands, lived.

The loss has meant a considerable drop in trade for the Canaries which served as a natural bridge between the European mainland and the African colonial territory. The Canaries were deeply involved in serving the colony.

The other Spanish islands, the Balearics, with Majorca, Minorca, Ibiza and Formentera as the most important, do not stand to gain or lose very much by joining the EEC. There would, however, be a stimulus to the shoe industry in Minorca. The United States, the biggest

market for Spanish shoes, is once again considering restricting the import quota on them. EEC membership for Spain would mean that its shoes would be able to compete with Italian shoes in Europe instead of being priced out of the market by tariffs.

Tourism is the biggest business in the Balearics and whether Spain is in or out of the Community is not going to make any difference to the number of tourists coming to drink the cheap wine and soak up the life.

Majorca enjoys a thriving mini-industry in producing some of the world's highest quality simulated pearls, glass and ceramic works. Production is mainly for selling at home, but runs its own local jewel industry.

The Spanish Government is most unlikely to face much discontent from the Balearic and Canary islands over EEC membership, particularly as a high proportion of the population of these islands are themselves already EEC members enjoying a quiet or a retired life.



# ESPAÑA

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## More than lip service needed on autonomy

The political and economic importance of Catalonia and the Basque country will play a decisive role in determining Spain's entry into the EEC.

With most of Spain's industry concentrated into these two most politically sensitive areas, any future democratic government will have to pay more than lip service to their demands and needs.

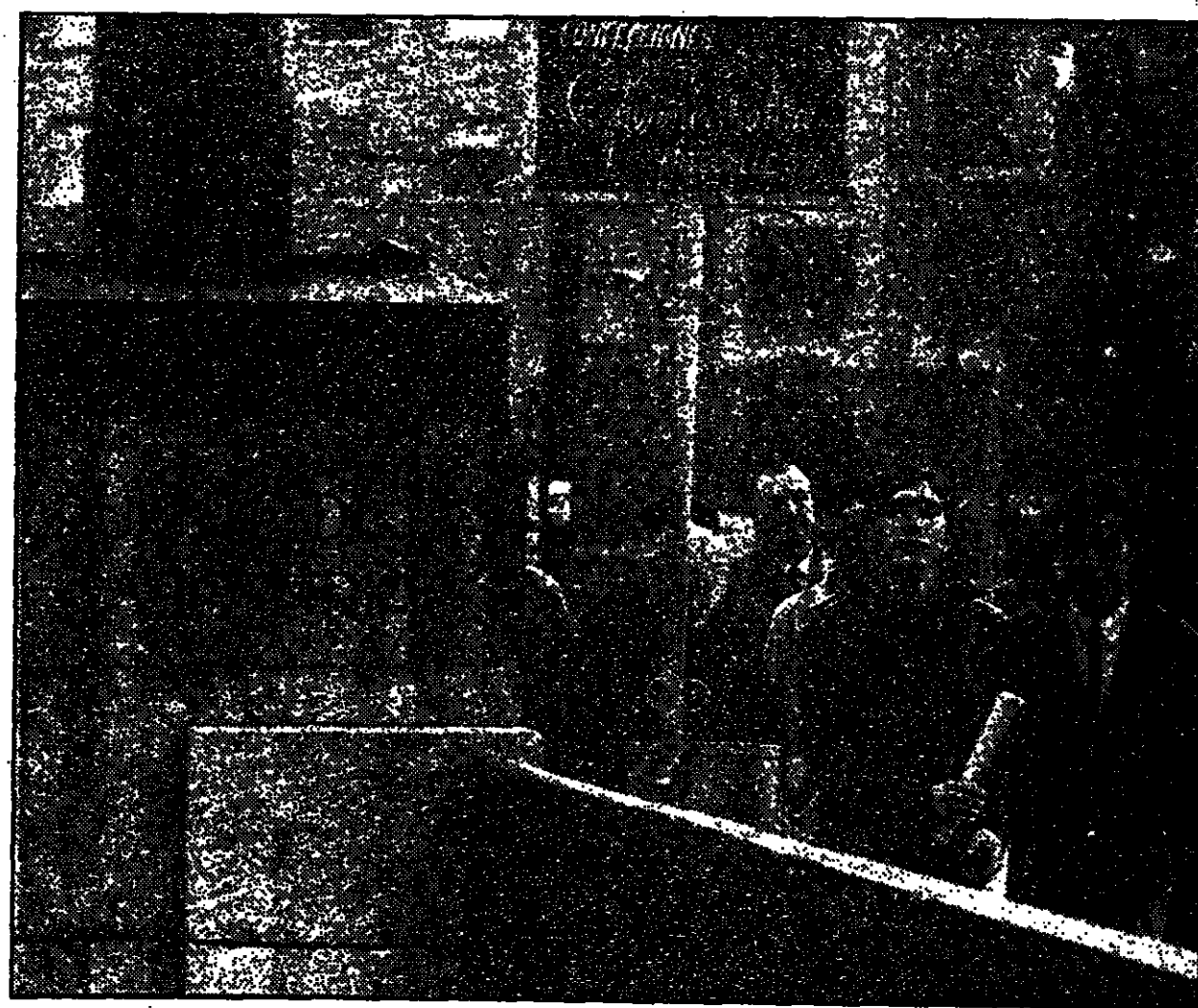
Catalonia, with a population of more than 5,500,000 out of a total Spanish population of 35 million, has the highest growth rate in the whole country. Catalonia provided about 20 per cent of the gap last year. The prosperous Catalan and Basque middle class never tire of telling you of their earning power compared to the rest of Spain. They see themselves as more in tune with Western Europe than with Madrid which they regard with a mixture of scorn, arrogance and often outright hostility.

The Catalan and Basque business class is very much in favour of joining the EEC. This is particularly felt in Catalonia for Europe has long been the main market for exports. Exports last year to the EEC countries, the European Free Trade Association and the Eastern European block accounted for about 60 per cent of the Catalan total. France is the biggest single market.

Exports, mainly textiles, industrial machines, cars and other vehicles and consumer goods, are falling off to the United States as imports are made into Europe.

Proud of their history and culture and of their political progressiveness, the Catalans and Basques complain bitterly of the treatment they receive from the Madrid-based Government. Both Catalonia and the Basque country enjoyed autonomy before the civil war and when it broke out they took the Republican side. General Franco took away their autonomy as soon as he conquered the area and made sure while he ruled that all signs of Basque and Catalan nationalism were quickly and often harshly stamped out.

The dictator was obsessed with national unity. A vital factor for national stability. With the relaxation of authority since Franco's death 16 months ago, one of the difficulties facing Spain is a revival of the autonomy issue.



Young Basques passing the civil war victory monument in the centre of Bilbao.

"The Government in Madrid must give us autonomy if it wants to govern," is the strident demand of the Basque Nationalist Party. It is a little exaggerated, but the Basque Government has gone some way towards satisfying demands by legalizing the Euzkadi, the Basque national flag. The Catalan flag is still technically illegal.

A good test for the intensity of regional feelings in the Basque country was provided when the Government held its national referendum last December on its political reforms. It was not laziness on the part of Basques, in particular, which produced an average abstention rate in the four Basque provinces of 37 per cent compared with the national one of 25 per cent.

The anti-Madrid feelings are more intense in the Basque country than Catalonia, for historical reasons and because of early March

lan or a Basque could loyally serve him.

Most decisions have to be made via Madrid, a cumbersome and time-wasting process and one which has put the Spanish capital out of touch with the regions. While the Basque country and Catalonia have most of the problems, others should not be overlooked.

The differences between the richer and poorer regions, principally Galicia, Extremadura and Andalucía, are still considerable. Only recently has the Government started to do anything about trying to redress the balance and the matter is not made any easier by the argument, produced by Basques and Catalans, that more of the capital which they produce should be returned for the benefit of their regions. This argument works to the detriment of the poor regions.

Regions like Galicia and Extremadura would come very near the bottom of an

EEC league table of income a head. Agricultural workers in these provinces exist on not much more than the minimum daily wage of 380 pesetas. They are also the areas with the highest unemployment and the ones from which most workers emigrate to EEC countries.

The Government has begun to realize the need to diversify industry in the regions. The regional development plan envisages growth centres like Burgos and Huelva (chemical industries) and Galicia as a development area, with the Government putting out as much as 20 per cent of investment costs for successful applicants.

When EEC membership talks start, Basques and Catalans will expect to be put completely in the picture and will not be content with a few handouts from Madrid.

W.C.





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## A LESS POLITICAL CABINET

The French cabinet reshuffle announced last night has no direct bearing on international affairs. M. Barre remains both prime minister and economy and finance minister. The ministers of foreign affairs, defence, operation and foreign trade also remain unchanged, as well as those of education, supply, labour and health. In the European context the most important portfolio to change hands is that of agriculture, but even here the replacement of the independent Republican M. Bonnet by the Communist M. Mehaignerie is most unlikely to herald any major change of policy.

The reshuffle is essentially related to French internal politics: in particular, to the result of the municipal elections earlier this month and to the preparation of the parliamentary elections due in a year's time. This was made clear by President Giscard d'Estaing in his televised speech on Monday night. He interpreted the municipal election results as a "message" to himself from the French people, rather in the manner of an anxious friend or relative who interprets a suicide attempt as a cry for help. France, the president said, "fears the success of the opposition, even if she were to choose it".

Two things, in his view, are driving his countrymen to this quasi-suicidal behaviour: first,

the difficulty and slowness of the change which he had promised them when they elected him in 1974; and secondly, the conspicuous disunity of the "majority" (that is, the parties supporting the Government) in the municipal election campaign. His solution is to form a tighter, less political government and to promise that for the parliamentary elections the "majority" will unite "around a programme democratically worked out"—a *pacte majoritaire* which can be put up against the *programme commun* of the left. He thus gracefully accepts an idea put forward by M. Chirac, whose successful drive to become Mayor of Paris had seemed an implicit challenge to the president's leadership of the "majority", but to whose work as prime minister before last August the president paid an elegant tribute.

M. Giscard d'Estaing's effort to break the Gaullist majority within the "majority" and to replace the hegemony of the Gaullist party with that of a centre-right party taking its lead from himself has thus apparently been abandoned—even though some fierce jockeying for position can be expected when it comes to adopting a candidate in such constituency for the parliamentary elections. As he himself put it, "the need for unity is more urgent than the right to be

different". His own interest is to bring all the Government's supporters together rather than to back some of them against the others.

Theoretically this should have been achieved under M. Barre's government as previously constructed, with leaders of all four government parties serving under a neutral prime minister. In fact this did not work because the Gaullist representative, M. Guichard, was not the leader of his party. It was M. Chirac, the disgruntled ex-prime minister, who quickly established himself as the Gaullist leader; and he being outside the cabinet, did not feel himself in any way bound by the rules of cabinet solidarity. The leaders of the other parties, particularly M. Pompidou and M. Lecanuet, counterattacked from inside the Government, and the pretence of unity was thus shattered. Consequently all four "political" ministers have now been dropped, and though they have been replaced by others from the same parties it is clear that these will not have the same role. Especially significant is the departure of M. Pompidou, for so long M. Giscard d'Estaing's political man of business, from the Ministry of the Interior. In that post he had succeeded in making himself universally unpopular and—by his handling of the de Broglie and Abu Daoud affairs—almost notorious. He will not be missed.

## A SUCCESSFUL ROYAL TOUR

Despite some lively demonstrations of republican sentiment in Australia, the Queen—who returns to London early this morning—can feel well satisfied with her gruelling seven-week jubilee year tour of the South Pacific, New Zealand and Australia. Even though it was her fifth visit to New Zealand as Queen, and her sixth to Australia, the crowds were in general both large and warmly welcoming, even if composed mainly of women and children. Apart from some formal functions such as the opening of Parliament in Wellington and Canberra, the accent was on an informal "walkabout" style, the maximum number of people a chance to see and even talk to the Queen and Prince Philip, while lending the tour a somewhat unstructured character.

The New Zealanders have once again demonstrated their uncomplicated acceptance of the Queen as their head of state. It remains to be seen whether the appointment as the Queen was leaving of Sir Keith Holyoake, a former Prime Minister and still an active politician, as the next Governor-General will eventually bring that traditionally non-partisan office to the forefront of the political arena. That is just where it has remained in Australia since the Queen's representative there, Sir John Kerr, created constitutional history in November 1975. By dismissing the Labour government of Mr. Gough Whitlam, Sir John resolved the constitutional crisis caused by the Senate's blockage of the money supply, and paved the way for Mr. Malcolm Fraser's crushing electoral victory a few weeks later.

Notwithstanding Mr. Whitlam's subsequent display of sustained petulance, Sir John is widely considered to have acted both correctly and in the best interests of the country and democracy. If he had thereafter tendered his resignation and faded gracefully from the scene, he would have saved himself and his country from much bitterness.

By staying on, he has presented the republicans with a focus for their discontent, and it was against himself and the office of Governor-General that the young protesters were demonstrating. Prima facie, their case is not unreasonable: there is something anachronistic in the very title of Governor-General in a country of considerable political maturity and great economic wealth and resources; and in Sir John's direct interference as the Queen's representative in the working of this mature democracy, however justified at the time.

The fact is, however, that the vast majority of Australians do not see the constitutional

monarchy in this light, and show no signs of banking for the dramatic changes required to create a republic. They consider that the existing arrangements have stood the country in good stead, and believe that the links with the crown help protect them against abuse of the constitution by government of the day. It is true that some non-British immigrants have not relished swearing an oath of allegiance to the Queen on becoming Australian citizens. But coming as many of them have done from Italy, Greece, Yugoslavia or Eastern Europe, they have seen some unlovely republican regimes in action. They do not tend to favour change, particularly if it is advocated by local Communists.

Such little public thinking as Australia's republicans have done about their model Australian constitution seems to point towards a President of the largely representative, West German, Irish or Indian variety, rather than on American or French lines. Ironically, the powers of such a president would probably not be very different from those of the Governor-General. But all the indications are that Australians as a whole still have a high regard for the Queen and a relatively low regard for their own national politicians, and remain far from anxious to embrace the uncertainties of change.

## ALL OUT OF STEP EXCEPT JOHN BULL

Triumphantly announcing that the United Kingdom has on its own "blockaded" agreement on a new set of agricultural price increases for Europe is not the best way of ensuring the success of our case through the President of the European Community. None the less, the Government are probably right to feel that—with the right attitude to inflation at its "current critical phase"—they must be seen to do all they can to ensure that the farm policy of the European Community does not avoidably increase prices.

The Government's policy is to demand concessions to the United Kingdom in the form of a subsidy on butter in return for accepting a small devaluation of the green pound. Since butter has always been an emotive issue in discussion of Britain's membership of the EEC, it is perhaps understandable and acceptable that the Government should want some concessions on that front. Although the problem of the butter mountain is one for Europe as a whole, it would be Europe as a whole that would be expected to accept a subsidy scheme to be applied across the Community. That would be so costly as to be prohibitive. The Government are thus not un-

reasonable in suggesting that the scheme should be restricted to the United Kingdom.

It is also probably right on balance to feel that the latest package of measures proposed by the Commission does not go quite far enough to meet the United Kingdom's justifiable demands for a fundamental shift in the farm policy in the coming years. The surpluses of dairy products are not new and have engaged the rather half-hearted attention of Community ministers for nearly ten years. Although there has been a great deal of talk about the need to switch production away from the dairy sector and to find a better way of meeting the living standards of those who work in that sector, too little concrete action has been taken.

Thus there is a strong case for using the power which the United Kingdom has to delay price increases as a bargaining lever to get faster and more resolute action. We ought also to be prepared to use the windfall profits which we have made through the system of "green currencies" to persuade our partners that it is in their interests to carry out a thorough reform of the working of the

Common Agricultural Policy as a whole. But in doing this we should take care to ensure that the bargaining lever does not turn into a roadblock holding up all progress towards common action.

The latest Government action comes at a time when the United Kingdom's tactics within the Community have won it few friends. On too many issues we have seemed to put immediate national interest above the good of the Community as a whole. Sometimes this is a matter of substance and sometimes a question of style. Even when the differences between the United Kingdom and other countries are not really great there seems to be a willingness to play to the gallery of Labour Party members who remain hostile to the whole idea of British participation in the EEC. That debate is over. We are part of Europe, and as such we should be playing a full role in constructive debate about how it can be improved. That responsibility is all the greater because of our position as President of the Community, but it will not come to a close at the end of June. It is time that we showed ourselves willing to act as if we realized it.

## Bank loans to S. Africa

From the *Dawn of Norwich*. Sir, The decision by a number of churches, religious bodies, local authorities, and other organizations to attend the Midland Bank's annual general meeting, 1977, needs to be discussed more widely. Their resolution runs that "this meeting requires the Directors to cause the Midland Bank to make no further loans to the South African Government or its departments, agencies, or state corporations, and not to renew or extend any such existing loans".

Last year Lord Armstrong said that he regretted that "so many Christian churches have got themselves into this vengeful mood". There are many investors in this country as well as most church people who are not vengeful but firmly opposed to apartheid, especially when it is maintained, as it is by the South African Government, on Christian grounds. Shareholders are entitled to express their views about the policy of the companies

in which they invest, and occasionally their pressure has been of ethical value as in the case of the protests made to the Distillers' Company over the problem of the level of assistance to the children suffering from thalidomide.

There are good grounds for believing that some banks such as Barclays International are much more sensitive to the ethical problem of apartheid than others. Disinvestment in Southern Africa is not the issue in the case of the Midland Bank. The issue is the making of loans to the Government and the distinction, though fine, is worth making.

There is increasing evidence that Christian leaders in Africa, both lay and clerical, hope that the British churches and other institutions will understand the implications of giving direct financial support to the Government of South Africa. It is known that the late Archbishop of Luanda and other Ugandan church leaders hoped that we would not invest our funds in the South African Government.

The public discussion of this key issue at the Midland Bank annual meeting will be keenly observed by African leaders, both political and religious, lay and clerical. The commercial wisdom of investment by local authorities, churches and other bodies in Southern Africa is not for me to try to assess. I applaud those British banks and companies which avoid direct loans to the South African Government, which can be used for arms, and use all their influence to create a more human society which recognizes trade unions, grants equal political rights and frees the political and Christian leaders now harassed in prison. Lancashire cotton workers in the last century made considerable sacrifices to avoid aiding the Southern States who were then defending the institution of slavery. There is an analogy here for investors today. Yours faithfully, ALAN WEBSTER, The Deanery, Norwich, March 28.

## Liberal pact with Labour

From Professor F. A. Hayek, FBA. Sir, May one who has devoted a large part of his life to the study of the history and the principles of liberalism point out that a party that keeps a socialist government in power clearly has lost all title to the name "Liberal". Certainly no liberal can in future vote "Liberal". Yours faithfully, F. A. HAYEK, D-78 Freiburg i. Brg, Urstrasse 27

From Miss Elizabeth Appleby. Sir, The implication behind the result of the Liberal-Labour alliance should be more fully understood by the public.

It is generally accepted that the pact is seen as a measure to allow Labour to pick its own polling date. It is a fair assumption that the Prime Minister will, if possible, select a date most favourable to the Government with the result that there is a real possibility at the next general election of the return of a Labour government with a clear majority which would rule out the assistance of the Liberals. It would then be open to the government to bring an irreversible government measures to satisfy the dictates of the National Executive.

If the Liberals had supported the Conservatives on their tenure of office the Government would have been defeated and the inevitable general election would have resulted in the return of a Conservative government with a large majority. The spread of the dead hand of socialism would then have been stopped.

Yours faithfully, ELIZABETH APPLEBY, 13 Old Square, Lincoln's Inn, WC2, March 29.

From Councillor Deirdre Martineau. Sir, A relevant fact relating to the recent Liberal-Labour pact appears out of the results of the more recent Mosley Ward by-election, Richmond.

The Liberals gained an overall majority in a record turnout of 57 per cent, with a swing of 12 per cent from Labour to Liberal. The constituency Labour Association of Richmond has been forthright in its criticism of the pact, and the Government, though claiming a large section of the Labour vote, and hastening the hoped for realignment of the centre of British politics.

Yours faithfully, DEIRDRE MARTINEAU, Cranwell Lodge, The Terrace, Barnes, SW13, March 29.

From Mr John Stokes, MP for Halesowen and Stourbridge (Conservative).

Sir, The Lib-Lab pact seems to be based on the idea that it will herald the arrival of the "moderate" socialist. Will someone please tell me what sort of socialism does a "moderate" socialist stand for? Is he, for instance, in favour of nationalizing the aircraft and shipbuilding industries, but not the banks or insurance companies? Is he in favour of weakening or abolishing the Trade Union? Is he, or is he not, in favour of picking such as we have seen at the Surrey hospitals?

So far there has been no evidence that the so-called moderates in the Labour Cabinet were able to stop any of the socialist measures which have been passed since 1974, or even to modify the Government position on such outcrops as the Clay Cross affair.

I believe people will soon discover that the pursuit of the "moderate" socialist is a fool's errand. Yours faithfully, JOHN STOKES, House of Commons, March 29.

## Hospital picketing

From Mr L. R. Robertson. Sir, I see little difference in principle between foreign terrorists seizing innocent hostages as bargaining counters, and members of a British trade union preventing food and other essential supplies being delivered for helpless 80-year-olds at the Schiff hospital at Epsom in order to enforce their demands at another hospital.

I hope the TUC or someone else on the union side will speak out clearly on this sort of behaviour, or otherwise we are any longer pretend that we are a more civilized society than others?

Yours faithfully, L. R. ROBERTSON, 1 Wood Drive, Southampton, Hampshire, March 27.

## The Annan Report

From Mr Andrew Blundy. Sir, I find the thread of contempt for the average voter that is woven through your extracts from, and leading article on, the Annan Report both surprising and odious. Both seemed to have been written on the premise that the aims of government are the delivery of large audiences are diametrically opposed. I feel that experience has shown that innovative, well produced, "watchable" programmes are quite capable of capturing large numbers of viewers. The fault lies not with the viewer (after all, if he/she is as undiscerning as the Annan Report implies, why the need for a report at all?) but with the schedule planners, who, quite frequently, give the viewing public no alternative to the American detective shows, soap operas, and third rate "comedy" shows.

I am, Sir, Yours faithfully, ANDREW BLUNDY, Ehot College, The University, Canterbury, Kent, March 28.

## Nuclear power and civil liberties

From Mr Paul Sieghart.

Sir, In a leading article on October 28 last, you reviewed a pamphlet called "Nuclear Prospects" by Michael Flood and Robin Grove-White. This raised an important issue which you did not have space to discuss: the possible effect of a large-scale nuclear power programme on the civil rights and freedoms of the United Kingdom citizen, and on the rule of law. That issue is one which must be of central concern to Justice.

To explain why, we must first summarize very briefly the analysis developed in "Nuclear Prospects":

1. A large-scale nuclear power programme needs to reprocess spent fuel rods to extract from them (among other things) plutonium concentrates which are then re-used as reactor fuel.

2. It is not practical for the reprocessing to take place at the power stations where the fuel is used.

3. Accordingly, increasing quantities of plutonium—amounting eventually to some thousands of tons a year—will be transported between different places in Great Britain which may be hundreds of miles apart.

4. Plutonium can be safely handled with rubber gloves; although it is one of the most toxic substances known it enters the human body, its radioactive emissions are only slight.

5. About six or eight kilograms of plutonium furnish enough nuclear explosive for a small atomic bomb, with a yield equivalent to perhaps 100 tons of high explosive, capable of killing some thousands of people.

6. Given the plutonium, the technical skills and equipment needed to fabricate such a bomb are not too difficult to find in an advanced industrial country.

7. Once nuclear power is being generated on a large scale, it would not be long before enough plutonium in transit was "unaccounted for" to make a terrorist threat of an atomic explosion—or of a toxic dispersal—sufficiently credible for no responsible government to be able to ignore it.

8. Accordingly, any responsible government would be bound to take the most stringent steps to protect its citizens from such threats.

9. Those steps would probably need to include as a minimum: substantial escalation in the surveillance of citizens by the security services, heavily armed guards for all consignments of plutonium, and sweeping emergency powers of search, seizure and arrest for the police in the event of a terrorist threat.

I found this analysis profoundly disturbing. Accordingly, we wrote

—Since September, 1976, 25 Greek civil servants and young scientists have participated in the in-service training programmes, organized by the European Commission. These programmes last five months and the fellowships are provided by the European Commission and by the Greek Government.

Thirteen magistrates are following annual courses in community law in various European universities. They are also holders of government fellowships.

—Last, but not least, in May, 1977, special ten-day training programmes will begin in all Greek administrative and the seats of the Courts of Appeal (for magistrates). Our estimation is that, by 1980, more than five thousand civil servants and practically all of our magistrates will have participated in such courses.

To the best of my knowledge, and in my capacity as Adviser to the Ministry of Coordination, such extensive programmes have not yet been carried out in any of the Community's new members. Characteristically I should mention that the cost of these programmes for the Greek authorities in 1976 will exceed £500,000. The Greek Government has learnt from the experience of others and it is trying to fill the gaps which undoubtedly exist today, by planning the adaptation of our country's economic, social and administrative structures well in advance of our accession to membership. At the same time, our present activities will enable Greece to put forth, at the time of accession, a great number of high level cadres for employment in the various community administrations.

Yours, etc, JEAN SIOTIS, Ministry of Coordination, Constitution Square, Athens, March 19.

## Consultation

From Dr S. J. H. Ashcroft. Sir, As a contributor to the discussion by Philip Howard (article, March 28) of that most popular of vague words "consultation", may I offer the following lines from this year's Rynsham Primary School pantomime. They were spoken by the Eva Green to her consort, Queen. Now I am going off to think of a Plan. When I return you can tell me what a good Plan it is: "Consultation". Yours faithfully, S. J. H. ASHCROFT, Magdalen College, Oxford.

## Daylesford

From Mr Peter Reid. Sir, The splendid example of English wadding which has become the sad story of Montmore has very successfully drummed out of view the break-up of Daylesford.

Daylesford, Moreton-in-Marsh, is one of three surviving houses designed by S. P. Cockerell and it was built in the 1790s for Warren Hastings during his long lasting trial for impeachment. During the past 20 years, Viscount Rothemann not only restored the fabric of golden stone and made the park beautiful once more, but he filled it again with an outstanding collection of Hastings's belongings—furniture, pictures, porcelain—except, of course, the house.

Near we have the ancient and dramatic story that tradition has brought to an end what was essentially Lord Rothemann's master creation. Hastings's things are no

longer in the house which is now for sale.

Here is a superb house, little known architecturally which has unworldly historical interest and which surely has the greatest possible appeal to English taste. Here was an opportunity to preserve the house, with Hastings's belongings in it, to empower trustees to buy much of the great man's possessions when opportunities occurred and to even extend the idea, so Daylesford could become an Anglo-Indian museum of the 18th century—in addition to being a shrine to Hastings.

But, of course, in this inert land, there has not been a single rallying cry for Daylesford. Is there anyone, anywhere, who has that extra ounce of determination to save this house?

Yours faithfully, PETER REID, 49 Sloane Gardens, SW1.

We therefore venture to express the hope that, in its forthcoming response to the Flowers Report, the Government will not fail to make known its views on this issue also.

Technological solutions are often found for technological problems. But we know of no technological answer to dramatic inroads into civil liberties which may one day—when it is too late to go back—be found necessary in the interests of national security, because we have chosen to rely on one source of energy rather than another. If we now make that choice, we must at least make it with a full understanding of all its possible consequences hereafter.

Yours, etc, PAUL SIEGHART, Joint Chairman, Executive Committee, Justice (British Section, International Commission of Jurists), 2 Clement's Inn, Strand, WC2, March 23.

—Since September, 1976, 25 Greek civil servants and young scientists have participated in the in-service training programmes, organized by the European Commission. These programmes last five months and the fellowships are provided by the European Commission and by the Greek Government.

Thirteen magistrates are following annual courses in community law in various European universities. They are also holders of government fellowships.

—Last, but not least, in May, 1977, special ten-day training programmes will begin in all Greek administrative and the seats of the Courts of Appeal (for magistrates). Our estimation is that, by 1980, more than five thousand civil servants and practically all of our magistrates will have participated in such courses.

To the best of my knowledge, and in my capacity as Adviser to the Ministry of Coordination, such extensive programmes have not yet been carried out in any of the Community's new members. Characteristically I should mention that the cost of these programmes for the Greek authorities in 1976 will exceed £500,000. The Greek Government has learnt from the experience of others and it is trying to fill the gaps which undoubtedly exist today, by planning the adaptation of our country's economic, social and administrative structures well in advance of our accession to membership. At the same time, our present activities will enable Greece to put forth, at the time of accession, a great number of high level cadres for employment in the various community administrations.

Yours, etc, JEAN SIOTIS, Ministry of Coordination, Constitution Square, Athens, March 19.

## Consultation

From Dr S. J. H. Ashcroft. Sir, As a contributor to the discussion by Philip Howard (article, March 28) of that most popular of vague words "consultation", may I offer the following lines from this year's Rynsham Primary School pantomime. They were spoken by the Eva Green to her consort, Queen. Now I am going off to think of a Plan. When I return you can tell me what a good Plan it is: "Consultation". Yours faithfully, S. J. H. ASHCROFT, Magdalen College, Oxford.

## Daylesford

From Mr Peter Reid. Sir, The splendid example of English wadding which has become the sad story of Montmore has very successfully drummed out of view the break-up of Daylesford.

Daylesford, Moreton-in-Marsh, is one of three surviving houses designed by S. P. Cockerell and it was built in the 1790s for Warren Hastings during his long lasting trial for impeachment. During the past 20 years, Viscount Rothemann not only restored the fabric of golden stone and made the park beautiful once more, but he filled it again with an outstanding collection of Hastings's belongings—furniture, pictures, porcelain—except, of course, the house.

Near we have the ancient and dramatic story that tradition has brought to an end what was essentially Lord Rothemann's master creation. Hastings's things are no

## Money supply and inflation

From Professor Lord Kaldor, FBA.

Sir, In your leading article today (March 30) you repeat the assertion that "the evidence is that the money supply determined the future movement in prices" and "there is a time lag of approximately two years between changes in monetary policy and changes in the inflation rate". May I draw your attention to the paper by Roger Tarling and Frank Wilkinson on "Inflation and money supply" in the current *Cambridge Economic Policy Review*, which convincingly demonstrates that in the case of the United Kingdom at any rate, there is no historical evidence whatever that any such connection—with the exception of a brief period of two years for which the correlation can convincingly be shown to be the fortuitous result of coincidence.

Some two years ago W. D. Nordhouse of Yale (now a member of President Carter's Council of Economic Advisers), came to the same conclusion in an economic study published by the Brookings Institution which covered a number of advanced countries and not just the United Kingdom.

It is often suggested that assertions can come to be firmly believed if they are repeated frequently enough. If this is true, the basic tenets of monetarism may now have acquired the status of some of the fundamental tenets of religion, and may therefore pass the stage at which they are vulnerable to the findings of empirical studies.

Yours faithfully, NICHOLAS KALDOR, King's College, Cambridge, March 30.

## The 'Panorama' school

From Mr Gerard N. Hughes.

Sir, The concern of members of the Education Committee of the London Borough of Ealing about some of the proceedings leading to the BBC sponsored *Panorama* programme on Faraday School will be heightened by the letter from Miss Angela Pope (March 28). She refers to encouragement by the "Labour-controlled London Borough of Ealing". As the Chairman of its Education Committee I am only aware of one occasion when this matter was discussed—and that was when the full Education Committee met on November 10, 1976—when permission was given, subject to conditions, for a film "the main purpose of which would be to give a genuine portrait of daily life in a large secondary school". I, and my committee members, have not systematically to examine what has in fact happened and I do not, therefore, wish to comment prematurely except to say that some points in Miss Pope's letter do not accord with my recollection of events or my understanding of fact.

Yours faithfully, G. N. HUGHES, Chairman of London Borough of Ealing Education Committee, Town Hall, Ealing, W5, March 29.

## A flight of butterflies

From Mr M. Broughton.

Sir, Spraying the cultivated lands, orchards, nurseries and gardens of Mallorca is thorough, systematic and almost ritualistic. To see a butterfly was to be surprised by joy.

Today (March 24) I was delighted to see a *Callitrypa* (*Callitrypa*) feeding on a lavender bush (*L. stoechas* L.) and in obvious health and colour. As I moved closer they flew not randomly but directly and purposefully west. Still a little incredulous I followed their flight carefully and found myself standing in a stream or flowing drift of the same butterflies.

They were flying gaily, dancelily but steadily from east to west against a gently blowing west wind, riding easily above and through it. They were not in swarms but in loose throngs and clusters, following a path 200 metres above sea level, five metres wide and ranging from ground level to above the pine tree tops.

The rippling flight began at 11.15, British Summer Time, and continued until 1.15 in the afternoon, although there were still stragglers at six o'clock. They flew without being attracted by flowers or blossoming shrubs, all the time from east to west. Were they making for the pine woods on the further hillsides, the glaucous carpeted farmlands marking the approaches to Palma or migrating? Have they also developed some immunity to powerful insecticides?

Perhaps some of your naturalist readers, many of whom have visited Mallorca and enriched our knowledge of its flora and fauna, would give some information. Yours sincerely, MORRIS BROUGHTON, D'Ale Muntanya, Santanyi, Mallorca, Spain, March 24.

## The fall of Rome

From Air Vice-Marshal G. C. Cairns.

Sir, A few years ago, at Pompeii, I heard the view advanced that the decline of Rome was due, in some measure, to lead poisoning, induced by the lining or caulking sometimes used to prevent leaks in the stone aqueducts. Recently, the cause of poisoning would have been lead and in parallel with the growth of the aqueduct system.

If this theory has any substance, some analysis of the likely effects might be possible. Yours faithfully, G. C. CAIRNS, Monkswood, Wembury, Plymouth.







## NEW BOOKS

هكذا من النحل

## Herr Issyvoov in his element

Christopher and his Kind  
By Christopher Isherwood

(Eyre Methuen, £4.95)

"This phrase, 'I am a camera'," writes Christopher Isherwood, "is John Barrow's play during the course of the film, misquoting and immensely entertainingly called Christopher and his Kind."

was to label Christopher himself as one of those eternal outsiders who watch the passing parade of life like a camera. At that time, when he published a book, there would always be some critic who would quote it. Christopher, however, was not daring to get out of his focal depth, and become himself involved in the action.

The new autobiography of his life in the Thirties, his best book for some years, sets out to challenge this received view of his excessive detachment by showing Isherwood's life for the first time in the element which has most communally defined him: his homosexuality.

The fabled availability of boys and the protection of an exciting new language were his chief reasons for going to England and going to Berlin in the first place. In 1929, and homosexuality was the defiant rebellion inside which he fought his rebellious campaigns at home.

Here at last the reader may feel he knows better. Certainly, two of the early English books, *All the Conspirators* (1928) and *Lions and Shadows* (1938), would make much better sense if the protagonist's sexual identity had been acknowledged, but its relevance to the intractability of Mr. Norris *Changes* (1935) and

than once and teasingly accused Christopher of being a repressed homosexual. In a very funny poem, he also compared him to a cross between a cowboy, a major and a prim lady and once described him as "the cruelest and most unscrupulous person he had ever met."

Christopher rather liked that. For none of his close friends did he feel such awe as for Auden, and any remark in which he is the centre of attention absorbed him then as now: his whole book admits to other things of talking about him he takes over the discussion himself. He is far from being the only Narcissus in what can be seen increasingly as an exceptionally self-conscious generation, but he is one of the most unusual: since he invariably deplores what he sees in the water there is never the slightest danger that this Narcissus will overbalance and crash in. Quite the reverse: his toes are so firmly dug into the earth behind him, waiting for the next picture in the pool.

All right, the reader concedes, you were not a camera—at this stage, the quest for Isherwood's identity between radio and game—what comes next? A coward, a mischief-maker, a chameleon and a fake, comes the enthusiastic reply. There is no character-defect or piece of double-dealing to which, once suggested, he will not lay eager claim. Most insistently of all, he was a "dishonest" writer, for suppressing his homosexuality in the stories about Berlin.

Here at last the reader may feel he knows better. Certainly, two of the early English books, *All the Conspirators* (1928) and *Lions and Shadows* (1938), would make much better sense if the protagonist's sexual identity had been acknowledged, but its relevance to the intractability of Mr. Norris *Changes* (1935) and

*Goodbye to Berlin* (1939) is absolutely nil. Indeed the self-effacement and opacity of the narrator's personality are a true part of his character. "William Bradshaw and Herr Issyvoov offer not so much a camera or a mirror as a glass globe whose translucency both contains and allows us to perceive, immortals like Arthur, Nigri, Sally Bowles and Fraulein Schroeder with perfect simplicity and brilliance. The spell cast by the device of Christopher's delicate detachment dazzles and holds to this day."

The least successful sections of *Christopher and his Kind* are therefore those in which, like a repentant revisionist before a creative writing class, Isherwood identifies his earlier "evasions" of the truth. It couldn't matter less: both fiction and fact survive; both have a reality, neither enjoys moral superiority, any more than Foster's homosexual novel *Maurice*, though "inferior as an artwork" to *Howards End* and the rest, is their superior as Isherwood claims, because of its purer passion, its franker declaration of its author's faith. It is, in fact, the faith, that the passion and the faith are declared more purely, if with cautious brevity in *The Longest Journey*.

"The book I am now going to write," he says, "contrasting Christopher with his account of the Twenties, *Lions and Shadows*, 'will be as frank and factual as I can make it.' How frank and factual is that? The most culpable evasions of his own homosexuality (if credible he be), occur in two of his middle-period novels: *The World in the Evening* (1952) where they wreck the book beyond repair (it is his only complete failure) and *Down There on a Visit* (1962) where his elaborate coyness over the narrator's feelings for the boy Waldemar looks shabby now we can see that "Waldemar" is the closest fictional portrait

Isherwood attempted of his greatest pre-war love. Indeed *Down There on a Visit*—overpraised when it first came out (critics were always expecting Isherwood *The Great Homosexual Novel*) but now unjustly neglected—offers a far apter text than the Berlin stories for Isherwood's guilt to work on; but of *Down There* he writes hardly at all, and over *The World in the Evening* he suffers to fall into the trap of total oblivion. That is what makes *Christopher and his Kind* a surprise on chosen ground. Strip he does—with energy, elegance and wit—but he teases, too.

I have concentrated on aspects of the book which I think matter most to Isherwood and which led him to write it after so long. Because they are fudged I think they will be forgotten in time and Christopher takes its place as the memoir of one man's personal history, for as a whole it is very lively indeed.

Unlike Christopher, who felt indecent until he was darkly sunburned, Winton had no use for the beach and the sun. He was a slender body, when exposed, became painfully pink. He preferred rainy weather. During much of his own work, he pulled down, ignored the summer and wrote. I suppose he was working on *The Gringo*.

For the comic and temperamental vicissitudes of Isherwood's friendship with Spender alone the book is worth reading—mutual mischief and provocation fairly flitting away—and save the novelist turns out to be his own work, there is never a dull moment from beginning to end. As a memoirist of others—Gerald Hamilton, Berthold Viertel, John and Beatrix Lehmann, Foster and many more—Isherwood is a consummate if dry and his prose always clearer than his thinking, remains a joy.

Michael Ratcliffe

## Relishing the printed book

William Caxton  
By George D. Painter

(Chatto &amp; Windus, £8)

As we saw in a multitude of commemorative last year, the demands made by Caxton on his biographers are formidable. His career as Merchant Adventurer and diplomat, call for the investigation of complicated, and often incomplete, records of late medieval trade and politics; his work as writer and marathon translator (perhaps a couple of million words in 20 years) require forays into still only partially explored areas of language, studies, and his activities as publishing entrepreneur demand knowledge of the now very sophisticated science of fifteenth century bibliography. No help from any of these diverse sources can be neglected, for they all direct attention to a life lived all of a piece, where the master-printer stands in a natural relationship to the market and the Governor of the English Nation at Bruges.

In making just such a synthesis from so much difficult and diverse evidence, George Painter amply justifies his publisher's claim that his "vivid biography is the first comprehensive study of Caxton's life and work for many years." For although Professor Norman Blake has, in his recent book *Caxton and his World* (Deutsch), and Caxton: *England's first publisher* (Osprey), provided a good modern summary of why we may, or may not, value Caxton's contribution to our affairs, he does not bring us into living touch with the man as Mr. Painter does.

One reason for this lies in Mr. Painter's decision to write a continuous and penetrating biography of his subject, rather than to adopt the disengaged, analytical approach of Professor Blake's book. Another reason lies in Mr. Painter's masterly handling of evidence. Having, as it were, lived with Caxton for 20 years as curator of the fifteenth century books housed at the British Museum, Mr. Painter moves easily through a jumble of sources, primary and secondary, manuscript, printed, and no doubt photocopied too, while he buttresses his text throughout with closely detailed argument

he does not allow his man to disappear behind a host of catalogue numbers or the Mercers' Acts of Court.

Indeed, because of Mr. Painter's familiarity with the problems surrounding the documentation of the period he can afford to be far less tentative in determining Caxton's motives and methods than previous biographers. His discussion of the momentous and mysterious period when Caxton translated the *Recuyell of the Histories of Troy* and then learned to print at Cologne, and his long and thorough delineation of Caxton's publishing in England are illuminating and convincing, reconstruction which show better than anything so far how Caxton applied the skills of the merchant to those of his new trade of printing.

Furthermore, Mr. Painter is so far intimate with his material that he allows himself a degree of "jocularly" which could come as a salutary shock to our more austere scholars, but is somehow in order for the book he is writing. His recognition of Caxton's own love of a joke encourages him to a succession of pleasantries which give his biography a buoyancy that is very welcome in this present time of the "serious world." (How many medievalists would confess to laughing whenever they met up with a touch of printerly chauvinism? "Fit to drive Caxton's wife Maude to burn her wimple?")

Equally though, his book is a moving and deeply respectful tribute to the magnificent achievement of the early printers. In his praise of Gutenberg, say, or in his reference to "the supernatural power of great literature in a first printing" he reveals how far historical and bibliographical labour can serve the humanist ideal. Here is no research for research's sake, but research which confirms and extends the justness of our affection for a man who, so long ago, also relished the printed book.

Brian Alderson

A modest little footnote to last year's Caxton celebrations can be found at the exhibition of "Goody Pryntynge" which has just opened at Hatfield House and which runs until October 7. (Closed Good Friday and all Mondays except Bank Holidays.)

## Science fiction

Th Martian Inca  
By Ian Watson

(Collins, £3.95)

While admiration for the intellectual and technical in the writer's earlier work has been abundant, this new book contains a new, near-poetic dimension which makes it the most formidable fiction he has yet written. For also only of the most compulsive. Even though he is still apt to swerve into discussion, albeit engrossing, of semantics, it is written with a fervent passion for the unique way each thing is, the separate hard and soft character. puts it, "A Universe is stranger than your betwayer friend thought it was, at the end. It's all there—including all the contradictions." The feeling is that the first person is concerned in the contradictions as in the straightforward statements.

The story is still organised in his own singular manner; parallel strands of narrative become sequels and then join in a kind of revelation. Here, an unmanned spacecraft crashes on a remote Bolivian village spilling dust from Mars upon Indians who undergo a Mesianic brainstorm. There, another manned spacecraft is about to land on Mars and its three-man crew should be warned of the danger; the dust, in effect, activates a kind of godhead imprisoned within human genes. Mr. Watson is one of the few around who is not afraid to use the new sciences of communication as well as the old ones of technology. I read it once for review, twice for pleasure.

Tomorrow Inc., edited by Martin Harrison and Joseph D. Olander (Robson Books, £3.75). These short stories give us big business in the future give no comfort at all to today's capitalists. For Big Business read Big Brother in a time when all is subservient to the conglomerate and the consumer is himself spiritually consumed. Here again is Pohl's terrifying parable about the response-

manipulated customer, "The Tunnel Under the World" which is nearly equalled by Ann Warren Griffith's "Captive Audience."

Shadrach in the Furnace, by Robert Silverberg (Gollancz, £3.80). With a name like *Shadrach* no one can be wholly good and you'd be quite right about this one who, as ruler of what is left of mankind after the Virus War, is intent on surviving as a thinking entity in the brain patterns of the computer. Mr. Silverberg is still tinkering with ideas begun in *To Live Again*.

The Shape Changer, by Keith Laumer (Hale, £3.25). The return of one of the most engaging of the author's heroes, Lafayette O'Leary, suddenly finding himself in a multitude of continua (unfair?). The pell-mell speed of the writing and the way it rushes you along with it can make you forgive some strange inconsistencies.

The Bicentennial Man and Other Stories, by Isaac Asimov (Gollancz, £3.50). Of course, we expect marvels from Dr. Asimov who is himself a marvel but this collection is really a treat with two of the best stories about robots that even he has written—the title story and "That Thou Art Mindful of Him". The first proposes the idea of a robot sacrificing his immortality to become human, while the second lays down the Three Laws of Humanics.

Travelling Towards Epsilon, edited by Maxim Jakubowski (New English Library, £4.95). Although Jules Verne was French we tend to think of that country as being sparse on the ground where SF is concerned, so as time of this collection, if uneven, compilation of French writings show. The introduction puts France into the perspective of the world-science fiction scene and is invaluable.

Nova 4, edited by Harry Harrison (Hale, £3.50). The avant-garde mixture as before—and, therefore, to be swallowed with a gulp of delight—and including a superior piece by Barry Malzberg and an illuminating item of autobiography by Alfred Bester (whom God preserve among the exalted).

Tom Hutchinson

The title of W. J. Weatherby's book, reviewed by H. R. F. Keating last Thursday, was *Death of an Informer*.



Woody and his trainer, from *The Instant It Happened*, a marvellous collection of news photographs assembled by Associated Press from their files—some ghastly, some moving, but all memorable (Abrams/New English Library, £13.50).

## Men for times of secular despair

A Third Testament  
By Malcolm Muggeridge

(Collins/BBC, £4.95)

In introducing six series of television programmes given first in Canada and later here on BBC2, Malcolm Muggeridge makes an interesting admission. He had chosen six characters for presentation in the series: Augustine of Hippo, Blaise Pascal, William Blake, Søren Kierkegaard, Leo Tolstoy, and Dietrich Bonhoeffer. Only afterwards when the television series had been completed, did he understand fully the continuing theme to which these characters all belonged.

Considering them as a group, it became clear to me that, although they were all quintessential men of their time, they had a special role in common, which was none other than to relate their time to eternity.

They were all in fact bearers of the covenant which bridges the gulf between "the changes and chances of this fleeting world" and the substantial, abiding reality which lies behind, beyond and within the flux of things. Precisely because they were so much men of their time, living in an age when the secular world was going through a crisis of disintegration, they served as God's "stay-behind agents" to ensure that amid the collapse of the old order the revelation of the eternal covenant would remain.

The unity of this exciting book certainly lies there, in the strange role of the characters, individually a motley collection, yet all shaping a deep and powerful vision of which influenced the religious life of succeeding generations. Perhaps the odd man out is

Dietrich Bonhoeffer; at least, it is too early yet to assert that he is a determining force in the way the Christian religion is developing. But it is certainly true that each of the others bequeathed an *ars spiritualis* to those who were to live through times of social disruption and secular despair. Malcolm Muggeridge often incurs the criticism of being an anti-intellectual, of seeming to dismiss academic learning and scientific knowledge with scant respect. In these six brilliant studies he makes his anti-academic stance as understandable. In fact, it is really that of Paul, when he talks of God making foolish the wisdom of this world. All the six characters in this selection have in common a profound distrust of intellect *per se*. The heart has its reasons which are unknown to reason. Pascal's saying is the motif of Augustine's thought: no less than Kierkegaard or Blake or Tolstoy's. None of them could be despised intellectually. On the contrary, their intellectual forces made them great among their contemporaries. But in the order of intellect, imagination and will, for them, imagination was paramount, since upon it depend man's vision of eternal reality, and therefore the quality of his life upon earth.

A man may be known by the company he keeps. It is clear from this book that Malcolm Muggeridge has been much in an uncomfortable company, none of whom is likely to encourage an easy conformity with this world. Characteristically, the writing is done with intelligence, wit, and a passionate intensity. A spiritually restless, disturbing, but book throughout, and for that reason, a book for our times.

Joseph McCulloch

## Alma mater

My Oxford  
Edited and Introduced by Ann ThwaiteMy Cambridge  
Edited and Introduced by Ronald Hayman

(Robson Books, each £4.75)

It is always agreeable to record an Oxford victory and to see a book that would be forced to conclude that in the contest between these two books (Oxford surprisingly appearing between dark green covers, Cambridge in an unbecomingly muddy maroon) the Oxford 12 wins by at least six clear chapters.

Cambridge, indeed, are virtually scuttled by two of their authors, Simon Gray, who, devoting almost half his chapter to Westminster, Nova Scotia and Clermont-Ferrand, writes that he has an abiding impression "that something was continuously, undignifiedly unpleasant all the time I was there—that it is from myself." And Piers Paul Read, who recalls that "when I finally left Cambridge I was glad to go" adding that "its pretensions amount to fraud—a confidence trick played on the nation and the world." Even their editor, in a markedly pedestrian introduction, tells us "the dons were not very friendly. I was interested to find that so many of the contributors to this book had similar negative feelings about them." I, for my part, was interested to find that so many of the contributors were on to become dons themselves—eight out of 12 in fact. Perhaps Mr. Hayman could explain. It seems odd.

In form the two books are identical: an editor's introduction followed by a dozen essays arranged in chronological order and contributed by writers called, as far as I can see, at random. Cambridge open with Sir Nevill Martin, who is comprehensively outwitted by Lord Bouthby for Oxford, and end with Arianna Stassinopoulou, who is matched against Oxford's Martin Amis. Four of the Cambridge team were at Trinity, three at St. John's and not one from King's. Only three of the Oxford contributors were at Balliol and none

## On the make

Blind Ambition  
The White House Years  
By John Dean

(Simon &amp; Schuster/WBS Distributors, £4.95)

John Dean's ambition was not blind, but always cool and calculating. He knew what he was doing from the very beginning when he performed the first questionable act with the enthusiasm of an amoral young man on the make. He had no excuse. He was after all a lawyer, but he willingly participated in the Watergate conspiracy until it became a question of Nixon's neck or his, and the world knew he saved his own.

It is not a pretty story, and some Americans have read into it an indictment against the American race, which is perhaps excusable. Dean, with his down-east, good looks and discreetly casual clothes, and his wife's wide-eyed Californian innocence which not even a San Francisco earthquake could disturb, personifies much that is both admirable and suspect.

Dean's story is not, however, an indictment against the American system. Ambitious men everywhere, on both sides of the iron curtain and the equator, have too often decided that the end justifies the means when their own advancement is at stake. There might be a moral in this book, but it is a universal one.

The book succeeds because it shows Dean in Nixon's White House. Woodward and Bernstein's reportage and reconstructions were brilliant, but Dean saw it all from the inside and when it was happening. He was covering up what young reporters were trying to reveal. He was also closer to the seat of power,

and its corrosive corruption, than any other. Watergate author, and his testimony before the Ervin committee proved that he had a photographic memory.

*Blind Ambition* contains little that was not already known, but much of it is compulsive reading. The casual misuse of authority, from requesting tax audits of assumed enemies to using Secret Service agents to drive him to cover-up meetings, was an everyday event. One wonders what Lord Acton would have made of it.

The portrait of Nixon is fascinating if only because it confirms the impressions of outsiders. I would never persuade myself that Nixon was real. Even sitting a few feet from him I suspected that he was put together by mirrors. Dean's Nixon is a similarly shadowy figure, inarticulate and defensive, whose proudest memory was of how he destroyed Alger Hiss.

For all the universality of ambition and corruption, the book does raise questions about the White House system. The founding fathers knew that the flesh was weak and separated powers and devised checks and balances to contain it, but there are no such safeguards in the White House except the reticence of its occupants.

Dean reminds us of the wisdom of the Constitution which does not assume that man is good, but President Carter believes that he is. Fortunately, he also believes in open government which could check ambition and minimize its corruption. It is ironic that Dean now dabbles in journalism, and with his experience should be as good a poacher as he was a gamekeeper.

Louis Heren

## Unopened rooms

Duke  
By Derek Jewell

(Elin Tree, £5.50)

Music is My Mistress  
By Duke Ellington

(Quartet, £3.95)

Duke Ellington was one of the great masters of twentieth century music. In any other century, it would have been impossible. His status as a great composer, which would remain unchanged if not a written note of his music existed, depended enormously on having his own orchestra to give his music a unique interpretation and on having the gramophone at hand to preserve what they played. A challenge to anyone daring to explain a greatness made worse by Ellington's refusal to talk about his music; if you pick the petals off a flower, he used to say, you may find out what makes the flower tick but you don't have a flower left afterwards.

So Derek Jewell has made a wise decision not to attempt the grand definition, but instead deliver an informal biography, with the music, the players, the family, the women (the personnel of Duke's love life is almost as complex as that of his orchestra) drifting in and out of focus through the good times and the bad. Until now we have had to make do with unhelpful generalizations about Duke's life and work: he burst into Europe at the London Palladium in 1933, the orchestra was the instrument he played on, he couldn't write for a musician till he knew how that man played poker, etc.

It was like being confined to the public rooms of a great house; Jewell's book opens up a lot of backstairs areas and a few secret rooms, with guided commentary from many of the people who knew him in close quarters. Learning about the troubles with money and drunken musicians, the insane travelling conditions under which he wrote many compositions, makes his music more impressive, not less, even if it is sometimes hard to agree with Jewell's musical judgments—he accuses, for instance, an Albert Hall concert with the LPO which I found mostly embarrassing, and I cannot share his admiration for the larger and more sacred works.

But there are still unopened rooms. Ellington was a very private person in a very bright spotlight, and even wrote a warty public facade of a Quentin Crisp; he was also a genius who let his music do his talking for him and thank goodness for the timely invention of the gramophone. (Not incidentally, by the way, the Duke Jewell thinks on page 21, but exactly a hundred years ago by Charles Cros.) Buy *Duke*, certainly, but have the music playing when you read it.

Miles Kingston

## Fiction

Flight Without End  
By Joseph RothTranslated by David Le Vay with Beatrice Muscarello  
(Peter Owen, £4.25)

The last page of *Flight Without End* finds its hero—thirty-two years of age, healthy and vigorous, a strong young man of diverse talents—drifts in Paris "without any idea what to do. He had no occupation, no desire, no ambition and not even any self-love. No one in the world was as superfluous as he." Joseph Roth's short, schematic novel, first published in German in 1927, and only now available in English—revolves around the familiar figure of the man who inevitably finds himself disoriented with and estranged from whatever society he happens to be living in.

Franz Tunder, an Austro-Hungarian prisoner of war, is dragged into the Red Army, and flings himself into the fray with messianic ardour: yet once

the excitement dies down, the living went away and settled down again in their offices, wrote records and statistics, enrolment forms for new members and edicts against the excommunicated. Disillusioned with the Revolution, he decides to return to unrefined Europe, which "lay behind glass, as old and precious tapestries lie in a museum, hovering on the brink of disintegration."

Tunder's subsequent adventures in Vienna, the Rhineland, Berlin and Paris make him realize that he is doomed to perpetual disappointment. He is only too aware of the injustices of the established order (and Roth confirms the stuffy yet godless world of the *haute bourgeoisie* wonderfully well): he finds the hedonism of the bright young things and the hypocrisy of well-bested revolutionaries as distasteful as the bureaucratic informer-ridden society he had left behind in Russia.

Remitted, by Fred Uhlman (Collins/Harvill, £2.50). Set in Germany in the early 1930s, Fred Uhlman's elegiac novella describes the intense, inevitably doomed friendship of two adolescent schoolboys—one Jewish, the other a son of an old Germany's, most revered

families. It's a melancholy, carefully written tale—originally published in 1971 by Miron Grindea's *Adam*—and the lush Swabian countryside is longingly evoked: but there's something a shade too answered and too predictable about it—apart, that is, from the very effective final twist of the plot.

The Demon, by Hubert Selby (Morrison Books, £4.95). Equally predictable is Hubert Selby's account of New York's kid's losing battle against "desire and those vague and undefined feelings of fear, anxiety and impending doom." Harry White cannot keep his hands off the ladies and devotes most of his lunch hours to hot pursuit, jeopardising his career in the process. Marriage puts him right for a time, but before long his self-destructive urges are hard at work. Harry represents "a battleground for the bounds of heaven and the bounds of hell", and the melodrama is always in danger of tipping into absurdity. But the story unfolds at a rapid pace, the dialogue is brutally vivid, and Mr Selby has a keen eye for the scabrous detail.

Scawby, by John Drabble (Weidenfeld & Nicolson, £4.50). Set in a small town on the North-east coast, Scawby weaves together a young solicitor's involvement with a half-caste teenager who has made a local girl pregnant with his own and his wife's real parents. Mr. Drabble's austere, old-fashioned narrative style is very attractive, but too often the plot itself seems both over-complicated and implausible.

Nobody's Fault, by Mervyn Jones (Quartet, £4.25). Brian is a blocked poet, Keith a cheerful ex-rover: pop impresario Tamsin has been married to both, and can leave neither of them—like historians, they confronted her with alternative versions of her life—from Cambridge to early middle age. An admirably well-constructed novel, in which very different kinds of London life are meticulously observed.

Jeremy Lewis

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## Supplementary benefit guidelines adopted

*Smethurst v Smethurst*

Before Sir George Baker, President, and Mr Justice Arnold  
[Judgment delivered March 29]

When the court is making a maintenance order against a husband and is considering his ability to pay, it should have regard to the guidelines issued to the officers of the Supplementary Benefits Commission. The Divisional Court of the Family Division used those guidelines when dismissing a wife's appeal from the variation of a maintenance order by Aylesbury Justices.

Mr Gareth Davies for the wife; Miss Patricia Myatt for the husband.

The PRESIDENT said that Lord Reid had said in a lecture in 1971 that judges "must find the middle way which prevents precedent from being our master. . . . We should have regard to common sense, legal principle and public policy in that order." In the present case his Lordship was going to put common sense first.

In June, 1976, Aylesbury Justices heard the husband's complaint to vary a maintenance order, made six months earlier by the Bolton district registrar, than he should pay £3 a week for the wife, £5 a week for her daughter and 50p a week for two other children of the family. One of those children was now 16 so the order was £8.50. The ground the husband put forward was change of circumstances and that he was unable to afford the order. The Justices reduced the order, which had been registered in the magistrates' court, to £2.50 and made an attachment of earnings order.

The wife, who was the husband's third wife, now appealed

against the variation on the grounds, *inter alia*, that the Justices had erred in law in considering the financial circumstances *de novo* instead of proceeding on the basis that the registrar's order was correctly made and examining the changed circumstances of the parties, and also in that they had paid too much regard to the husband's claim that the order was unrealistic and putting a strain upon his present marriage.

The registrar knew that the husband already had to pay an order for £2.50 in favour of his second wife. It seemed that his first wife had passed from the scene. The Justices had accepted that the husband, a postman earning £40.34 net a week, had reduced his expenses to a minimum and that his living expenses had risen by £5 or £6 through rises in the cost of living. On the other hand his wages had increased by 55 a week so that there was only a difference of 10p in his circumstances before the registrar and before the Justices. The wife was living on social security benefit, and the husband's order was made over to the Supplementary Benefits Commission.

There was a line of authorities from *Foster v Foster* (1964) 1 WLR 1153 to *McEwan v McEwan* (1972) 1 WLR 1217 that it was not open to the court on a variation of a maintenance order to fix the amount *de novo*.

Mr Justice Ormrod in *Bristle v Bristle* ([1970] 1 WLR 664, 669) had said "that where the court is asked to review an order made upon what subsequently turns out to be a mistaken basis, I do not think it is accurate to say that it is purporting to act as an appellate tribunal; it is exercising its

power to vary 'having regard to all the circumstances of the case'."

The present husband had not been able to show that when the original order was made a particular item was misunderstood or given undue weight by the registrar, but there was a mistake in that the registrar decided that he was able to pay £9 a week. His Lordship thought that the husband could not pay anything like that amount.

The wife was in receipt of social security benefit. If the Supplementary Benefits Commission were seeking a contribution from the husband they would apply the formula for settlement with the liable relative as set out in para 4.188-190 of the *Finer Report* of the Committee on One Parent Families.

According to the Commission's guidelines to help their officers, the requirements of the liable relative were normally taken to be the supplementary benefit scale rates for himself and family—rent allowance plus one quarter of his net earnings. Any income in excess of that would be regarded as being available to meet the liable relative's obligation under the Supplementary Benefits Acts, 1966-1973.

Applying those guidelines the Commission would not seek to recover anything from the husband as he would have been allowed to keep £3.64 a week before being asked to contribute to his wife's maintenance. He was only earning £40.34 net. It had been submitted that to do justice the court should give leave to appeal the registrar's order out of time, but that way was clumsy, time-consuming and expensive. In his Lordship's

opinion there was a mistake when the original order was made by the registrar and the husband's ability to pay was not considered. The Justices had come to the conclusion that the husband's resources were insufficient to meet the order, yet they had made an attachment of earnings order for £2.50. They were not prohibited from making such an order even if it brought the husband below the scale rates of the Commission: *Billington v Billington* (1974 Fam 24). The court, however, would make the common sense approach and dismiss the appeal.

Solicitors: Adam Greenhalgh & Co. Bolton; Wilkins & Son, Aylesbury.

## Burden of long trials

*Regina v Reed*

Long trials were condemned as an unwarranted and intolerable burden on the administration of justice in the Court of Appeal when they quashed an unsafe and unsatisfactory conviction of a man who had been tried with five others at the Central Criminal Court in a trial which lasted 75 days, from September 29, 1975, to February 4, 1976. He was convicted on only one of the 23 counts related to him. He had already served his sentence of two years' imprisonment when his appeal was heard.

LORD JUSTICE LAWTON said that the case had involved systematic defrauding of finance houses in a variety of ways. It was difficult to see why it could not have been made in a short indictment of seven or eight counts; if it had been presented to the court

*Radford v De Froberville and Another*  
Before Mr Justice Oliver  
[Judgment delivered March 28]

The correct measure of damages due to the plaintiff for breach of contract by the defendant who had covenanted to build a brick wall on a plot of land bought from the plaintiff so as to divide it off from the remainder of the plaintiff's land was the cost to the plaintiff of carrying out the work on his own land.

His Lordship so held in a reserved judgment, on a procedure summons adjourned into court to obtain a decision as to the proper measure of damages

in that way it would have been over in two or three weeks. There had been over 90 dishonest transactions and the Crown had brought evidence of all of them; there were over 100 witnesses and a bill of costs of about £91,000, without the overhead expenses of the court or the cost of the jury. During the trial three jurors were released for personal reasons.

Jurors should not be expected to give their time for as long as four months unless there were exceptional reasons. Long trials also put a heavy burden on judges; in summing-up the judge was reduced to giving thumbnail sketches of the witnesses because the jury could not remember their names. That was most undesirable. Moreover, those on the fringe might get sucked down with the weight of evidence against their co-accused, which was what had happened in the present case.

for the non-erection of the dividing wall after a judgment which had been entered for the plaintiff on the admissions of the defence.

Mr J. E. W. McDermott for the plaintiff, Brigadier Walter Buckley Radford; Mr W. R. Stewart-Smith for the defendant, Mrs F. E. D. De Froberville; Mr S. J. Sher for the third party, Miss K. Lange.

HIS LORDSHIP said that the plaintiff owned a substantial house in Holland Park, London, divided into six flats which were let to tenants holding leases varying between four and six years. A large garden contained an area of about 25ft by 140ft fronting on to the highway. In 1965 the plaintiff obtained planning permission to build a house on that plot and sold it to the defendant for £5,500 on terms that she was going to build the proposed house on it. In the transfer in 1965, the defendant covenanted, *inter alia*, to erect forthwith a wall between the two properties, thereafter maintaining it in good repair. Largely owing to the defendant requiring a building of different design, no work had started. The wall was to be erected on the defendant's land and would thus be her wall.

By two supplementary agreements in 1968, the defendant covenanted without qualification to complete the development by January 1970. The restriction on sale which had existed and the right of pre-emption in the transfer were abrogated. Yet the defendant did nothing, and in November, 1968, she notified the plaintiff that she had contracted to sell the plot. There was a transfer to Miss Kathryn Lange in January, 1969, at a very considerable advance in price. Miss Lange was registered as proprietor on February 6, and covenanted with the

defendant, by way of indemnity, to observe and perform the covenants in the transfer to the defendant only in the supplementary agreements.

The plot was in the hands of a third party having no direct contractual obligations to the plaintiff. The plaintiff was not herself from doing what she had covenanted to do as part of her consideration for the purchase and for release of the plaintiff's right to pre-emption.

In 1973 the plaintiff issued a writ against the defendant and in February, 1974, judgment was entered for his claim for damages for the non-erection of the dividing wall on the admissions in the defence. An issue between the defendant and Miss Lange as to the latter's liability to indemnify the defendant was decided in the defendant's favour in November, 1975, and Miss Lange was given leave to appear on the plaintiff's summons. McDermott said that the damages against the defendant. On the hearing before the master, the issue now before his Lordship had been decided in the plaintiff's favour. The measure of damages for the breach of a covenant to build wholly on the covenantor's land?

Mr McDermott had submitted that it was the cost to which the plaintiff would be put in providing for himself, on his own land, that was part of the consideration for the transfer of the adjoining land the defendant had undertaken to provide on that land.

Mr Sher, for Miss Lange, the person ultimately affected by an award, submitted that if a contract between A and B for the erection of a house on B's land, his own land was not performed, A had merely lost the advantage of having a building on the adjoining land.

The wall, if erected, would not have added to the value of the plaintiff's land except in so far as it would have an amenity served to mark the boundary. Therefore the measure of damages should be the amount by which the value of the plaintiff's land as an investment property was diminished by the absence of that amenity.

His Lordship said that the stark difference between the submissions was highlighted by the evidence of cost. The cost of erecting a wall according to specifications at the date of contract was about £1,200; today it was almost £3,400. A prefabricated fence would have cost about £320 in 1970; today about £880.

If Mr Sher was right, what the plaintiff was left with now, after eight years of patient endeavour and the cost of a protracted litigation, was no wall at all, no right to demand one, no control over what was erected along his boundary, the expense of putting up a wall or fence if he wanted one, and nominal damages only. If that was right it produced a result so strange and so manifestly unjust that Mr Bumble's animadversion on the nature of the law seems, by contrast, a model of restrained understatement.

The purpose of the law is to remedy wrongs, not to perpetuate injustices.

Mr Sher and Mr Stewart-Smith had submitted that the court had to adopt that conclusion by principle and by precedent. As to principle, the starting point was the statement by Baron Parke in the common law rule on damages in *Robinson v Harman* (1848) 1 Exch 850: "Where a party sustains a loss by reason of a breach of contract, he is, so far as money can do it, to be placed in the same situation with respect to damages, as if the contract had been performed." If the plaintiff had reserved a right of entry onto the defendant's land and liberty to construct the wall himself, with a covenant from the defendant to reimburse him the cost, doubtless he could have recovered the cost; but he trusted the defendant to do the work herself and extracted a covenant from her to do it. The supply of the wall was part of the consideration of the transfer, and the plaintiff had paid for the wall in advance because the land was transferred before the work was done. That price could not be restored to him, nor could the defendant's part of the bargain be specifically performed because the land had been sold to a stranger to the contract. Why should the plaintiff not now be compensated by being awarded the sum required to carry out for himself what the defendant had failed to do?

Reference to the authorities demonstrated the absence of any general rule beyond the underlying compensatory principle stated by Baron Parke. What the court did was to use common sense in measuring, in the case of the individual plaintiff and by

reference to his particular circumstances, what the plaintiff had lost by the breach of contract. Counsel had submitted that the plaintiff should be put into as good a financial position as if the contract had been performed. That was the effect of the decision in *Wigley v School for Indigent Blind* (1882) 8 QBD 357, where the Divisional Court heard a motion to set aside the verdict of the jury for damages for not building a wall. Mr Sher and Mr Stewart-Smith submitted that the present case was indistinguishable on its facts. However, McDermott said that there were at least two material distinguishing points in the present case. There was no question of electing for specific performance and in *Wigley* the court was persuaded that the plaintiff was entitled to building the wall themselves.

It seemed to his Lordship that the *Wigley* judgment fell to be reconsidered in the light of the submission that the cost of the wall was not an absolute test, but merely an element for the jury to consider in the present case. There was no question of electing for specific performance and in *Wigley* the court was persuaded that the plaintiff was entitled to building the wall themselves.

It seemed to his Lordship that the *Wigley* judgment fell to be reconsidered in the light of the submission that the cost of the wall was not an absolute test, but merely an element for the jury to consider in the present case. There was no question of electing for specific performance and in *Wigley* the court was persuaded that the plaintiff was entitled to building the wall themselves.

What was the true ratio decided? It seemed to his Lordship that the Divisional Court, far from seeking to establish an absolute measure in all cases of breach of covenant, had done just the reverse. It had looked to see what the plaintiffs had actually lost and concluded that the measure of damages was the loss which the plaintiffs had suffered as the diminution in value of their adjoining 20 acres. If the case established such a general principle as contended for by Mr Sher and Mr Stewart-Smith one could have expected to find it regularly cited and relied upon, but until recently it had received little attention.

Furthermore, as a result of information helpfully given by the Law Reform Commission, it emerged, after the argument, that the case had been considered at some length by the Vice-Chancellor in his judgment in *Tite v Weddell* (No 2) (The Times, December 6, 1976; [1977] 2 WLR 496). The Vice-Chancellor had rejected the suggestions that the consideration was whether or not the plaintiff sued for or was able to sue for specific performance was necessarily decisive, and concluded that the end of the road seems to me to come down to a very short point. The cost is a loss if it is known to be a loss.

In the instant case there were three questions: (1) Had the plaintiff a real intention of doing the work? (2) Was it reasonable for the plaintiff to carry out the work on his own land? (3) Did it make any difference that the plaintiff was not personally in occupation of the land but desired to do the work for the benefit of his tenants? Mr McDermott was prepared to protect the position by a suitable form of undertaking, but his Lordship was entirely satisfied that the plaintiff wanted the work done and would expend the damages awarded on carrying it out. In his judgment therefore damages ought to be measured by the cost of the work, there was nothing unreasonable in his wishing to adhere to contract specifications and, whatever his status, the plaintiff had a contractual right to have the work done. *Jackson v Horston Holdings* ([1975] 1 WLR 1468) had demonstrated that a plaintiff might obtain damages for a breach of contract entered into for the benefit of himself and his tenants not party to the contract.

As regard the date at which damages should be assessed, all his Lordship should do at the present stage was to say that, in the circumstances of the case, the correct date would be the date upon which the plaintiff ought reasonably to have brought the case on for hearing. That would be a matter to be determined when the evidence was complete.

Solicitors: Garratt, Wolfe & Co in amalgamation with Halsey, Lightly & Hemsey, Guildford; Reed & Reed; Farrer & Co.

## Playground nuisance

*Dunton v Dover District Council*

Before Mr Justice Griffiths

The noise from a children's playground held to constitute a nuisance when it was used from dawn until dusk by children of all ages. Mr Justice Griffiths awarded Mr William Dunton, owner of Whitfield Hotel, Sandwich Road, Dover, £200 damages and continued an injunction against Dover District Council that the playground should only be opened between 10 am and 6.30 pm to children under 12.

Mr Norman Banks for Mr Dunton; Mr Patrick Hamlin for the council.

MR JUSTICE GRIFFITHS said that in 1970 Mr Dunton acquired the hotel, which had nine bedrooms and was set in a pleasant garden.

In 1975 Dover District Council completed a housing estate at the rear of the hotel on grazing land. About 60 children under 12 lived on the estate. The council wanted to provide a play area for the smaller children as the nearest recreation area was a quarter of a mile away, across a busy road.

Unfortunately when the council published plans of the development, Mr Dunton did not see them and he did not realize that it was intended to designate as a playground an area immediately adjacent to his garden. There were swings, a seesaw and a climbing frame.

When the playground was opened it was not fenced, nor was there any restriction on the age of the children using it. When a number of children were collected together they often made a great deal of noise, and from time to time there was a fearful row coming from the playground.

Not only did Mr and Mrs Dunton have their tranquility disturbed, they also had the annoyance of children trespassing from the playground. Mrs Dunton found the noise so intolerable that she had had to leave the hotel.

Mr Dunton complained to the council. An amicable agreement was not reached, so he commenced an action against the council in October, 1975, for nuisance and an interim injunction.

The council gave an undertaking that the playground would be closed. Mr Justice Cuck on April 5, 1976, granted an injunction on terms, allowing it to be opened from 12.30 pm until 6.30 pm. There had to be somewhere for

children to play, but parents must realize that consideration must be given to the comfort of neighbours who derived no advantage from the play area.

The council had claimed that the noise from the playground was not a nuisance. His Lordship rejected that argument. He took the view that although everyone had to put up with noise from children, one should not be expected to put up with it from dawn to dusk. When the play area first opened, unrestricted in point of age, the noise of children using it was a nuisance in law.

However, his Lordship was not satisfied that now that its use was restricted it still constituted a nuisance. It still caused grave aggravation, but it was not intolerable. He was a questioner balancing the requirements of the young against the old and his Lordship would amend the injunction to restrict the opening to between 10 am and 6.30 pm and only to children under 12.

The nuisance in 1975 had lasted only for a short time. Mr Dunton would be awarded £200 damages.

Solicitors: Prestons & Kerley; Sharpe Pritchard & Co for Miss Lesley Cumberland, Dover.

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## BUSINESS NEWS

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### Interest rate cuts by banks lift hopes of cheaper home loans

John Whitmore  
Financial Correspondent

Falling interest rates were taken a stage further yesterday as leading banks cutting their base lending rates by one point to 9½ per cent.

The main result of the cut in base rates is that the cost of borrowing to blue chip borrowers will fall to around 10½ per cent, while the cost of overdrafts will generally come down a range of 1½ to 1½ per cent.

With the banks also cutting their rate for smaller deposits (below £10,000) by 1½ per cent to 5 per cent, and with the rates available on larger sums offered in the money markets falling below 9½ per cent, the pressure on building societies to announce a cut in their rates at the April monthly meeting has grown even stronger.

The societies' mortgage rate is 12½ per cent and their interest rate is 7.8 per cent, equivalent to 12 per cent gross to the standard rate tax.

This gross equivalent would fall to 11.6 per cent if Mr Healey is able to implement his proposed cuts in the standard rate of income tax, but even this would leave the societies' rates looking way out of line. Also, a cut in standard rate tax would probably

lead to a cut in the composite rate the societies pay on behalf of investors from the present 27½ per cent to around 26½ per cent.

Although the Building Societies Association deny that any Whitehall pressure has been brought to bear on them, it did not go unnoticed yesterday that Mr Healey said on television on Tuesday evening that he expected to see a cut in building society rates within the next few weeks.

The main question remaining for interest rates this week is how the Bank of England decides to handle minimum lending rate. Treasury bill rates yesterday were indicating that under the market related formula for setting MLR—this is now temporarily suspended—the Bank could drop the rate from 10½ to 9½ or 9½ per cent.

The Bank, however, despite the embarrassingly strong demand for sterling in the foreign exchange markets, may not wish to drop MLR by quite so much this week. What remains to be seen is whether the Bank will choose to show its hand before Friday's weekly bill tender, either by a "signal" to the discount market this afternoon, or even by announcing next week's MLR at lunchtime today.

Financial Editor, page 21

### Budget again boosts equities and gilts

By David Mott

Equities and gilts went ahead strongly on the stock market in London yesterday as investors gave a more considered verdict on the Budget.

The FT 30-share index closed 38 ahead at 427.2 within 7 points of its three-and-a-half-year "high"—and many of the longer-dated gilts gained up to 1½ p.

Dealers said that second thoughts on the Budget had done nothing to alter the market's generally favourable view. In particular, the concept of making personal taxation cuts to incomes restraint is widely thought unlikely to constitute a back-swing worry.

But a more immediate incentive is the feeling that the way has now been cleared for still lower interest rates.

The lower public borrowing requirement acted as an additional spur to interest rates hopes in the gilt-edged market. The demand was maintained for the whole session with longer dates progressively gaining ground to end up in £3 ahead with "mediums" advancing between 2 and 2½

points. "Shorts" also met with a strong and sustained buying to end with rises of up to two full points.

Although slightly below its best on late profit-taking, the new Treasury 12.25 per cent 1992 stock closed £2.67 ahead at £17.67 after touching £18 at one point.

Sterling surge: The pound closed in London at \$1.7207, its highest level for four months. The Bank of England was in the market most of the day and is estimated to have taken in up to \$100m in foreign currency in its attempt to hold down the rate.

The demand for the pound was widespread as dealers took further stock of the Budget. Official policy is still to keep the rate as steady as possible to preserve Britain's competitiveness in overseas markets.

Sterling has risen more than 9 per cent against the dollar since the autumn low of \$1.57. This should help to slow down the rate of inflation.

The pound's effective rate was unchanged on the day, at 61.8.

Financial Editor, page 21

### Cigarette price quandary

Intensive discussions over new prices to reflect the Budget tax increases were taking place within the big cigarette companies yesterday. They may decide to continue the fierce price competition which has been a feature of the past year and absorb part of the Chancellor's 4p a packet increase, or to subsidise some brands at the expense of others.

At the same time there is considerable pressure to get the revised price lists out quickly because under the new European Community tax structure, manufacturers are liable from Monday for the additional tax

on all cigarettes invoiced to the trade. They do not have the customary delay between manufacturing and distribution in which to draw up new trade prices.

Carreiras Rothmans and Gallaher, the two smaller companies are likely to wait until Imperial Tobacco, the biggest with more than 60 per cent of all cigarette sales has declared its hand.

The final phase of the new tax structure, due to come into effect fully next January, will inevitably mean a reduction in the seven main categories of cigarette on the British market.

### Sir Eric Miller steps down at Peachey

By Our Financial Staff

Sir Eric Miller, knighted in 1968, has stepped down as chairman and managing director of Peachey Property Corporation because of "unwelcome publicity" affecting himself, his family and the company.

Sir Eric will continue as a director of the residential and commercial property investment and development group, and Lord Mais, former Lord Mayor of London and previously a non-executive director of Peachey, has become group chairman. Mr Stephen Thompson, one of the two remaining directors after the deaths last year of Peachey's 129 other senior board members, will take over management of the group.

In his letter of resignation to the board Sir Eric explains that his decision was "greatly influenced by the flood of unwelcome publicity" over the past two years.

It had become increasingly intolerable in the past year and had affected him and his family. He was "concerned in the short and long term" for its effect on the company.

Lord Mais said Peachey's



Sir Eric Miller: Intolerable publicity over two years.



Lord Mais: first task to strengthen the board.

directors had "reservations and regrets" about Sir Eric's decision. They understood his feeling that adverse personal publicity might affect the group, and that "he felt it best to go".

Lord Mais was "pleased that Sir Eric will continue to serve as a director," and commented that "we need his knowledge very much indeed".

He said he himself would stay chairman "as long as I am needed". After Sir Eric's

move and after the death of two senior directors "a first task will be to strengthen the board".

Sir Eric and Peachey have rarely been out of the news in recent months. As landlord of Sir Harold Wilson and having longstanding links with Mr Reginald Maudling and his family, Sir Eric has been prominent in political and City gossip columns.

Despite consistent denials from the board, repeated by

Lord Mais yesterday, Peachey has appeared as a takeover speculation many times in recent years, and its shares have fluctuated sharply as bid or non-bid rumours gained the upper hand in the market.

Only last week Sir Eric had to make a statement quashing rumours that he had been arrested in Holland and that he had sold his 504,000 shares in the group.

No final dividend is proposed. The shares closed up at 32½ on the results and news of Sir Eric's move.

understood to have been managed by dealers who were also involved in earlier efforts to boost the shares on bid speculation, forced the shares down 14p to 23p at one point.

Peachey, which is traditionally extremely late in publishing annual results, yesterday reported pre-tax profits 14 per cent down at £846,000 for the year to June 24, 1976. Pre-tax profits have been reduced by a £282,000 provision made against the full amount of a possible bad debt which the group is taking legal action to recover.

The group has also made provision against possible losses on its two development schemes in France and has decided against capitalizing interest on another project.

These changes in accounting rearmament reduced pre-tax profits by a total of £630,000. Despite the additional provisions, Lord Mais comments that Peachey "has no financial problems" and that on the basis of a March 1975 valuation adjusted for purchases and sales since then, net assets per share are 15p.

### Italy unions accept IMF loan strings

From Patricia Clough

Rome, March 30

Three main Italian trade union federations today accepted government compromise proposals to curb rising labour costs and to level the playing field for the 1977-78 financial year.

The agreement also opens the way to possible further IMF credit and a European Community loan. The IMF loan had been made conditional on alterations to the indexation system, a major factor in Italy's continuing inflation, by which pay increases automatically as the cost of living rises.

The compromise included adjustments to the way transport and electricity costs and newspaper prices will be calculated in the "basket" of essential items on which the cost of living index is based.

In return, the government has agreed to drop its plans to limit factory-level wage negotiation and to neutralise the effect of the value-added tax increases on the cost of living index.

The unions have, however, already agreed to keep current wage demands to a minimum.

The agreement on "basket" adjustments will knock 1.5 per cent off the index compared to the 1.2 per cent increase caused by the higher VAT.

The VAT increases were designed to finance government subsidies to industry's social insurance contributions, thus helping to reduce the cost of labour. The government has also undertaken that if any further revenue has to be raised before 1978 it will turn to direct, rather than indirect, taxation.

It has also promised to review its freeze on automatic increases on wages above 6m lire (about £4,000).

A union spokesman declared the agreement a success for the unions and a demonstration of their ability to defend the working class, free factory-level negotiation and wage indexation.

However, a union document issued after the agreement spoke of "deep dissent" over the government's price policy, its plans for youth employment and the investment in the south.

IMF says no agreement yet: An International Monetary Fund spokesman said in Washington that discussions about the fund and Italy are continuing and "have covered the question of a modification of (the Italian) wage index agreements."

"Full agreement has not been reached on this question," the spokesman said.—Reuter.

### South Africa curbs profit transfers

Cape Town, March 30.—Mr Owen Horwood, the South African Finance Minister, presenting the Government's budget today, said foreign-controlled companies must now declare dividends and transfer profits to foreign countries out of income earned from January 1, 1975.

This move was to protect the balance of payments, he said. In addition a 15 per cent surcharge was being levied on certain imported goods as a temporary measure.

Previously, the base date for such dividend and profit transfers was January 1, 1968. Mr Horwood said this base date in

future would be moved forward yearly, so that transfers could only be made out of profits earned during the preceding two years.

Mr Horwood said foreign-controlled companies were at present allowed to declare dividends and transfer profits to foreign countries provided this was done out of income earned after January 1, 1968.

This base date had now been brought forward to January 1, 1975, effective immediately.

The minister said administrative measures to close loopholes on exchange controls over payments for imports, which are sometimes deficient

with regard to capital transfers, would shortly be imposed.

Legacies, which can be freely transferred abroad up to a maximum amount of 20,000 rand per beneficiary, will now be subject to the securities procedures, he said.

The finance minister also proposed a temporary special 15 per cent revenue duty, or surcharge on certain imported goods.

The measure is effective immediately where the imports have not yet been cleared for home consumption.

The estimated additional revenue amounts to 400m rand this year.—Reuter.

### Mulley role in Agents' arms deals

By Maurice Corina

Industrial Editor

Mrs Hart, recently appointed Minister of Overseas Development, is to lose control of the Crown Agents' sensitive business to Mr Mulley, Minister for Defence. The Prime Minister has approved the transfer of responsibility from April 1.

Mr Mulley will assume direct responsibility for Millbank Technical Services, which has been a wholly-owned subsidiary of the financial and real estate Crown Agents for 10 years.

The company currently has an order book worth about £1,400m, practically all for defence equipment from missiles to ships and support services. Three years ago orders were worth only £300m.

Ever since 1833, the Crown Agents have been in the arms business, acting as agents for overseas governments. But with defence sales increasingly involving more than just sales of hardware—customers now want complete weapons systems with supporting training and maintenance under package deals—it is felt that the Ministry of Defence is better suited to handling the tricky problems that can arise.

Exports of arms and defence systems have always involved the Ministry of Defence, but until now the Crown Agents have provided a para-governmental agency for fixing deals with British suppliers to meet overseas principals' requirements. The Ministry can be expected to operate as a principal too, especially in the Middle East where oil has become a method of paying for British weapons, from tanks to missiles.

Millbank Technical Services ran into some trouble in Iran over the building of a military installation and it is expected that the supply in, and export from, the United Kingdom of electricity supply meters. He has asked the commission to report within 18 months. There are four main manufacturers: Ferranti, GEC Measurements, Landis and Gyr, and Sangamo Weston.

The company will remain a Crown Agent subsidiary and Mrs Hart will continue to exercise ministerial control over the Crown Agents subsidiary and activities.

### £40m slice of Brompton Road up for auction

Capital & Counties Property Company is to sell a £40m slice of the Knightsbridge estate in one of the most important property disposals for several years. The estate includes some of the most fashionable shopping property in London.

CCPC has been fighting to reduce borrowings since the property crisis in late 1973. It cut its gross assets by £269m to £156m last year after the disposal of its interests in Australia and Canada and after provisions and sales of properties throughout the world.

The group plans to hold a public auction of the Knightsbridge properties on July 5. Estate agents Jones, Lang, Wootton, in conjunction with Matthews and Goodman, and Marler and Marler, will auction the estate in 28 lots if the company has not received an offer for the whole six-acre site before July.

Mr Dennis Marler, CCPC's managing director, would "not dissent" from suggestions that the freehold estate would have a market value of around £40m, and confirmed that he will be looking for offers in that range. He said that no attempts had been made to sell the estate before the public announcement of the auction. "I have been determined that when we made this hard decision to sell our finest single holding... we would do it with the maximum publicity."

JLW was chosen as lead agents because of its international connections. Mr Marler expects considerable interest to be shown "from the Middle East, the United States and possibly Far Eastern investors."

The estate consists of 90 shops, 23,500 sq ft of office space, 350 flats and apartments, a multi-storey car park and four hotels. It includes the whole length of the Brompton Road between Sloane Street and Harrods, the west side of Sloane Street from Knightsbridge to the Chelsea Hotel and the Scotch Corner Island site, as well as the Earl Street running parallel to the Brompton Road.

CCPC's links with the estate date back to its development by Mr Marler's grandfather, Mr Sydney Marler, at the turn of the century.

Mr Sydney Marler sold the properties in 1908 in what his grandson describes as "a fit of madness", since he then believed that real estate was finished. Mr Dennis Marler's cousin Leslie bought much of the estate back for the group in the 1950s, and it was subject to a series of abortive development plans throughout the past two decades.

In the past 12 years CCPC has been refurbishing the buildings. The present £19m rent roll excludes important reversions due to fall in within the next five years.

The Knightsbridge auction follows news that CCPC is to sell all or part of its interest in the £22m Victoria Centre shopping centre in Nottingham, which Mr Marler describes as the group's "next best investment" after Knightsbridge.

Discussions are under way for the sale of the centre, and Mr Marler believes that the sale will resolve the group's borrowing problems, more than eliminating its short term debt.

"We now have the cash flow to take time over these sales," Mr Marler said. Now that CCPC "has clawed its way out of the tunnel," he hopes to take advantage of "a significantly improved market for investment properties". CCPC's shares rose 1½p to 16p on news of the auction.

John Brennan

### Over million days lost in two months' strikes

By David Blake

Economics Correspondent

Over a million days were lost through strikes in the first two months of this year, according to figures published today by the Department of Employment.

In January and February alone the total number of working days lost was over a third of the total lost in 1976, when the impact of the pay code reduced the number of days lost to their lowest level since 1966.

The biggest single factor pushing up days lost was the long-running dispute at British Leyland, which led to 389,000 days being lost in the motor industry in the first two months of the year. But even if the Leyland strike is discounted, there does seem to be some evidence that strikes have become more common than they were last year, possibly because growing concern about falling living standards is leading to a

greater willingness to strike over other issues.

The number of days lost in many categories of industry was up in January and February from its level a year earlier. Even more strikingly, the record in February was far worse than in January. During February 713,000 days were lost through disputes involving 137,500 workers. That made February the worst month since the summer of 1975.

During the first two months of the year 198,500 workers were involved in a total of 445 stoppages.

To what extent the increase in strike figures reflects a more general dissatisfaction with the pay policy than is felt just by the Leyland workers is impossible to assess. As well as disputes about relativities, there were strikes during February over manning levels in one form or another.

### US sale of Tetley Tea falls through for Lyons

By Our Financial Staff

Plans for J. Lyons, the food and catering group, to sell its Tetley tea and coffee operations in the United States have fallen through.

Last year Lyons announced it had reached agreement in principle to sell Tetley for \$27m (£16m) to Liggett Group, an American tobacco, wines and pet foods company.

Liggett has now backed out on the deal, however, amid some speculation that it was concerned about the possible effect of the recent gyrations in the tea and coffee prices. It decided not to proceed on

the terms originally planned, which were based on Tetley's book asset value, and offered Lyons a lower price instead. This was not acceptable to Lyons.

Mr L. Badham, managing director-elect of Lyons, said last night there was no question of Tetley missing its profit forecast of \$5.5m, which would probably be beaten.

Partly as a result of the strength of the pound and of other disposals—including its Wimpy catering chain and most of its United Kingdom hotels—Lyons now feels under much less pressure to dispose of assets than it did last year.



Mr Gordon Borrie, Director-General of Fair Trading, who has asked the Monopolies and Mergers Commission to investigate the supply in, and export from, the United Kingdom of electricity supply meters. He has asked the commission to report within 18 months. There are four main manufacturers: Ferranti, GEC Measurements, Landis and Gyr, and Sangamo Weston.

### How the markets moved

The Times Index: 174.44 +2.94  
The FT index: 427.2 +6.8

#### Rises

Amal Metal	15p to 420p
Blytheors	15p to 350p
Brit Sugar	15p to 420p
De La Rue	13p to 387p
Fisons	10p to 360p
Grand Met	3p to 77p
Harrisons Malay	6p to 58p
Hickes & Wicks	13p to 387p
Imp Chem Ind	6p to 366p
Ldn Asiatic	81p to 79p
Marshall Univ	13p to 173p
Mono Containers	2p to 23p

#### Falls

FMC	11p to 103p
Mixconcrete	3p to 50p

Equities went ahead.

Gilt-edged securities saw a strong demand.

Sterling was 13 points up at \$1.7207. The effective exchange was unchanged at 61.8.

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#### THE POUND

Bank	buys	Bank	sells
Australia \$	1.61	1.56	
Austria Sch	30.50	28.50	
Belgium Fr	65.25	62.25	
Canada \$	1.86	1.81	
Denmark Kr	10.40	10.00	
Finland Mk	6.75	6.50	
France Fr	6.78	6.48	
Germany Dm	4.28	4.06	
Greece Dr	64.75	61.75	
Hongkong \$	9.20	7.75	
Italy L	133.00	148.00	
Japan Yu	300.00	475.00	
Netherlands Gld	4.45	4.23	
Norway Kr	9.30	8.94	
Portugal Esc	68.25	64.25	
S. Africa Rd	121.50	113.50	
Spain Ps	7.51	7.16	
Sweden Kr	4.55	4.33	
Switzerland Fr	1.76	1.71	
US \$	34.25	32.00	

Rates for small denomination bank notes and coins are quoted by Barclays Bank International Ltd. Different rates apply to travellers' cheques and other foreign currency business.

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### National Westminster Bank

#### Rate changes

National Westminster Bank announces that for balances in its books as from and including Thursday, 31st March, 1977, its Base Rate for lending is reduced from 10½ to 9½ per annum and its Deposit Rate on all amounts lodged, subject to seven days' notice of withdrawal, is 5% per annum.

Savings Accounts will now attract interest at 5% per annum.

All other rates remain unchanged.

### Expanding?



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with information on property and land availability, with help in claiming government grants and other assistance, with advice on various regulations, planning matters, sources of funds and many other problems.

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OND NEWS  
APRIL



Japan's attempt to curb exports achieves 'remarkable success' last month

# European doubts over Tokyo trading claim

From Peter Hazelhurst

Confronted with threats of retaliation from Brussels, Japan's Foreign Trade Council claimed yesterday that the country's lopsided trade surplus with West Europe declined by a "remarkable" degree last month after Japanese markets were officially advised to open up their gates to imports from the EEC.

According to the council, which represents 14 leading trading groups, Japan made drastic attempts to correct its trade balance with West Europe last month when imports increased by 38.7 per cent over a year ago and Japanese exports to West Europe dropped by 20.2 per cent below the level recorded in February, 1976.

The Council, in a general report on its trading pattern with the world, went on to point out that Japan's trade surplus with West Europe had declined to £44.5m for the month of February compared to the £115m boom in the same month a year ago.

In general, the Japan trade council cited other statistics which suggest the

country's exports to the rest of the world increased by 8.4 per cent while imports dropped by 0.5 per cent in February, against the same period a year ago.

A spokesman for the trade council said last night that the statistics were based on the import and export contracts of 14 major trading companies, which account for 60 per cent of the country's two-way volume of trade.

He went on to claim that the sharp turnaround in the pattern of trade between Japan and West Europe last month "reflects a genuine attempt to reverse Europe's complaints over Japan's surplus trade balance of \$4,200m (about £2,500m) last year."

However, European diplomats who have been urging the Japanese government to lift some of the country's restrictive and non-tariff barriers to exports, remained sceptical and said they would wait to see what would follow.

"Even if the trend continues, Japan is likely to wind up with a whopping surplus this year. More important, we have no firm assurance that Japanese producers of cars, steel, and ships will

live up to their promises and restrict their exports to Europe on a voluntary basis," a West European diplomat said.

A spokesman for the EEC mission in Tokyo was also cautious: "We accept last month's trade figures as an initial encouraging sign. But it is a symptom only and we can draw no conclusion. We have not made an analysis to establish whether this will set the trend for the future or whether the statistics only reflect a temporary change in the pattern of trade. In any event, there is a gap between our statistics and the Japanese record," he said.

Other economic observers pointed out that Japan's imports increased because of the rising price of raw materials, which were reexported in the form of manufactured goods. Little or nothing has been done to increase Japan's imports of manufactured and agricultural goods from industrialized countries.

In the meantime, evidence is mounting in Tokyo to suggest that Japanese industrialists are revolting against the governments' call for moderate trade practices which might appease Europe.

Reacting to government's suggestion that the ship building industry should increase prices by 5 per cent to appease competitors in Europe, major producers suggested they might lose lucrative contracts as a result of the official directive.

A spokesman for Mitsubishi Heavy Industries told the Japanese press yesterday that many foreign ship owners have suspended negotiations on future orders during the last month. "No television threat," he said.

Soaring imports of Japanese colour television sets last month does not mean Japan is poised to grab a larger slice of the United Kingdom market, the Department of Trade said yesterday.

Japanese colour set exports to yesterday rose by 151 per cent in February compared with the month before—8,748 to 22,009—according to a Reuters report.

## Will higher tea prices raise living standards in the Third World?

From Mr John Tanner

There has almost been a revolution in the affairs of the tea industry since the television programme *World in Action* in 1973 highlighted the plight of malnourished tea pickers on Sri Lankan estates. In those days when most teas fetched less than 50p a kilo at the auctions, companies such as Brooke Bond and T. G. Lipton paid out at the auctions by British tea distributors who also have estates overseas to be returned.

Today as London auctions tea at over 300p a kilo British and locally owned tea companies in developing countries are anticipating very handsome profits. Few members of the British public will be grudge paying poor countries more for their tea, especially

after 20 years of price stagnation. However, many consumers are concerned that the extra we are paying in the shops will end up in the "wrong pockets". One immediate result of the better prices is higher tea receipts by Third World governments. In Sri Lanka, where the estates are nationalized, increased prices are of direct benefit to the government and can be used to help the ordinary people of that island. Another result is that remittances to parent companies can be expected to rise by at least 20 per cent. In this way some of the money paid out at the auctions by British tea distributors who also have estates overseas will be returned.

British tea profits in India more than doubled between 1970 and 1974, from £3m to £7m, but investment remained at a very low level. Can Brooke Bond or any other company involved in the production of tea assure us that the current windfall profits will be used to help raise living standards for the poor in the Third World? In particular, can they assure wages and conditions on the estates sufficiently and that profits will be reinvested in the country of origin and not simply used to boost profitability of the parent company in Britain? We believe the tea drinking public has the right to know.

JOHN TANNER, World Development Movement, Bedford Chambers, Covent Garden, London WC2E 8HA, March 22.

## Manual workers earn 12.4 pc more in a year

By Caroline Atkinson

Average full-time earnings of men manual workers rose by 12.4 per cent in the year ending October 1976 to reach £66.37, according to Department of Employment figures.

The increase was equal to an average percentage rise of 12.4 per cent and was larger than the maximum weekly wage increase allowed under either of the pay policies in force during the 12 months.

Longer working hours with increased overtime accounted for some, though probably not all, of the discrepancy, as did the fact that the survey does not cover exactly the same workers in each year.

The rise in hourly earnings for men during the 12 months was only 11.3 per cent, less than half the increase in the preceding year, and below the 14.7 per cent rise in prices in the same

12 months.

Women manual workers did better than the men in percentage terms, with average weekly earnings of £40.61 in October was still less than two thirds of the male average.

The men covered by the survey worked a longer week, however, averaging 44 hours compared to the female average of 37.4 hours.

Scottish and Welsh workers are now both better paid, on average, than English ones. This is mainly the result of differing industrial structure and is especially marked in manufacturing.

For the first time North Sea oil operations are shown to boost the Scottish figure: the average weekly pay packet of Scottish workers in the extractive industries, including coal mining, was £94.33.

## Jobcentres 'fill 70 pc of vacancies'

By Christopher Thomas

An interim evaluation by the Manpower Services Commission of its Jobcentres programme has produced figures showing a marked increase in activity over the old "employment exchange" concept. The figures also point to the fact that Jobcentres, with their carpeted floors and super-market appeal, are competing well against private employment agencies.

Mr Richard O'Brien, chairman of the commission, emphasized yesterday that "if private agencies provide a good quality service there is no reason why public and private agencies cannot coexist". He refused suggestions that the aim was to create a state monopoly of job placement services.

The commission reported that 301 Jobcentres are or will soon be in operation, and confirmed that it will open the centres at the rate of 100 a year for the next five years, at a cost with servicing of £5m a year.

With 800 Jobcentres "we will virtually have a national network", Mr Alan Brown, chief executive of the MSC's Employment Services Agency, said.

The evidence is that Jobcentres are used by 20 per cent more people than use employment exchanges. About 70 per cent of notified vacancies are filled by them. The average cost of placing somebody is £29.

### In brief

## Shipbuilding 'facing 3 more lean years'

World shipbuilding is facing

at least another three lean years, with orders this year slumping to 10 million tons or less, it was forecast yesterday. Last year's orders were down to 13 million tons gross, compared with 73.6 million tons years earlier. This has already led to a major crisis for world shipyards, resulting in cut-throat competition and protectionist policies by governments.

Last year's world order intake represented barely 40 per cent of a typical year, and the inflow of orders was the lowest recorded by Lloyd's Register of Shipping since it began compiling detailed records over a decade ago.

Mr Robert Huskisson, chairman of Lloyd's Register, said in his annual statement yesterday that it was unlikely the industry would return to a more stable situation until at least 1980. Recent high levels of new building had so reduced the age of the present world fleet that it was unrealistic to expect further substantial investment for at least three years.

### Guide to improve chemicals safety

A guide intended to improve the safety record of Britain's chemical industry was launched yesterday. Mr Donald Bennett, chairman of the Chemical Industry Safety and Health Committee, said that there was a growing need to apply more

systematic methods to safety, particularly in plant design. "We have to apply new techniques to study variations in plant behaviour before they happen," he said. One technique available was the Hazard and Operability Study, based on the question "What would happen if...?"

### Fire losses decline to £14.1m

February was a relatively quiet month for fire damage, with overall estimated costs to the insurance industry of £14.1m, £8.3m down on the January total.

Latest figures from the British Insurance Association show that there were two major fires during the month, costing about £750,000, and four claims of £300,000. The number of smaller claims dropped, with 64 fires costing £25,000 or more, against 94 in January.

### Go-ahead for Irish zinc smelter

Ireland's Industrial Development Authority yesterday announced the go-ahead for its plan to build a 100,000 tonnes a year zinc smelter to process the output of mines at Navan in Co. Meath, about 30 miles from Dublin.

Initial capacity is expected to be operational by 1981, and there are plans to double capacity to 200,000 tonnes.

## Isoglucose levy angers UK makers

By Hugh Clayton

Proposed EEC concessions on isoglucose, were dismissed as worthless yesterday by one of the leading companies in the British industrial sweetener industry.

Mr Bernard Smartt, managing director of Tunnel Refineries, said that new proposals from the European Commission were "just as damaging as those they replace".

Isoglucose is an alternative sweetener to sugar extracted from starch crops which can be slightly cheaper than sugar. Mr Smartt, president of the EEC council of farm ministers, reported after his return to London from the latest abortive meeting about price supports that the Commission had halved its proposed production levy on isoglucose.

The new proposed levy is 50 units of account or about £28.50 a tonne. "This levy would add 14 per cent to the current selling price of isoglucose," Mr Smartt said. "In those circumstances manufacturers would not be economically possible."

His company has already decided to open an 80m factory in east London which would create 100 new jobs in the manufacture of a product which is seen as a threat to sugar beet by the European farming lobby. Isoglucose is usually made from maize.

The British Maize Refiners' Association said the proposed levy was "purely punitive".

It is high time everyone concerned began to think in terms of usable energy and not so much of waste heat. The ratio of one to another is variable but the only sensible answer is to maximize the total, not just one. It is just as reprehensible for metal smelters, for one of many instances, to use as much heat as they do without generating electricity as it is for the electricity and nuclear industries

### Business appointments

## Ranks Hovis McDougall names new directors

Mr S. V. Robinson and Mr R. C. Loombe are being appointed directors of Ranks Hovis McDougall. Mr Robinson will remain chairman and managing director of the RHM agricultural division. Mr Loombe will be giving up his executive post with Ranks (Ireland) to return to the United Kingdom, where he remains a director of Ranks (Ireland) and will become joint deputy chairman and chief executive.

Mr Edgar Palamoutain has been elected chairman of the Unit Trust Association.

Mr John Swift, chairman of John Swift and Co., has been appointed a non-executive director of Ocean Transport and Trading.

Mr John Engledow, managing director of Racial Communications and managing director of Racial Communications Equipment, Mr John Cereza is to be managing director of Racial Instruments.

Mr Frank Smith, who has retired as chairman of Metropolitan Pensions Association (Holdings), is succeeded by Mr Fred Grant who continues as chairman of the MPA Group. Mr A. J. W. S.

## Delays in British car deliveries

From Mr C. L. Verity

Sir, A recent correspondent complained about a three-month delay in the promised delivery of a Ford Escort. My employers ordered for me a Ford Cortina Estate car in early December.

There were no signs of delivery being imminent. The company for which I work orders some hundreds of new British cars a year.

It must surely only be a matter of time before delivery delays on British cars are reduced enormously by the transfer of loyalty from the fleet buyers to continental cars.

It is of note that my brother-in-law recently bought a Volvo Estate car "off the peg" with delivery time limited to the normal delay in registration.

Yours faithfully, C. L. VERITY, Boundary House, Brimicombe, North Reading, Berkshire, March 23.

## Proposed lorry weight changes

From Mr John Parton

Sir, Readers of your paper will recollect that a proposal was put forward in 1968-69 to alter the weight limit and wheel chassis base of continental-type goods vehicles (Juggernauts), and after considerable public protest, especially from the amenity movement, supported by the Civic Trust and other national organizations, the alterations in weight limits were not proceeded with. This was due chiefly to the effects that such extra weighted lorries would have on the structural fabrics of many of the historic buildings in the cities of Great Britain.

The River Thames Society is therefore greatly concerned that the EEC Council of Transport Ministers, at a meeting to be held shortly, will discuss a proposal to increase lorry weights again.

The planning committee of the River Thames Society has again studied these proposals and is still adamant in its opposition to the proposed changes. It believes that such extra weighted lorries would have on Thames bridges, in particular, historic bridges in Richmond, Mallow, Hungerford and Oxford, together with the suspension

bridges over the Thames—that is, Hammersmith, Royal Albert and Chelsea bridges.

The society has only in recent months expressed considerable concern at the fabric problems that are being caused by the increased weight of the bridge has to take. Notwithstanding, it is the view of the River Thames Society that more onus must be put on an integrated transport policy for the United Kingdom, coinciding with the transport policy of the European Economic Community, and that within this policy there should be a coordinated framework established to ensure that more heavy goods are carried on the railways and not more use should be made of water-borne transportation in the river Thames.

Bearing all these factors in mind the society intends to submit evidence and comments on these aspects to the Secretary of State for Transport and in the Transport Committee of the EEC. The society sincerely hopes that support will be forthcoming from all other local amenity organizations and from the public at large.

JOHN W. PARTON, Vice-Chairman and Honorary Consultant, River Thames Society.

## Inescapable facts of energy generation

From Mr N. Jenkins

Sir, It is saddening and somewhat disturbing to see such a letter as that of Mr L. G. Brookes (March 17), trying to ignore and even brush off as unimportant inescapable, fundamental, physical facts. But it is also sad that in that letter, he shows how far even the UKAEA can be wrong, how much human error there can be in pursuing a single aim to the exclusion of all other influences.

Sadi Carnot, in 1824, contemporary of Michael Faraday, postulated certain physical laws which govern the conversion of any fuel into any form of energy. His energy work was in fact more important than Faraday's electrical, but its significance has been largely overlooked in subsequent developments.

In modern terms, Carnot was saying that for every unit of electricity there have to be two units of heat. The electricity industry, aided and abetted by the nuclear industry, wastes (an official Ministry view) 22 per cent of all fuels used in the United Kingdom for any purpose. This is not fallacious but disastrously true.

It is plainly true to anyone who can understand simple proportion. The official statistics show 30 per cent as the electricity industry's average thermal efficiency, close on 80 per cent for combined heat and power.

CH & P does not use the vast quantity of low temperature heat wasted by large power stations, it merely takes a larger share of the energy resulting from burning fuel. Where heat and water can be distributed, electricity for heating is far too wasteful of primary fuels.

It is high time everyone concerned began to think in terms of usable energy and not so much of waste heat. The ratio of one to another is variable but the only sensible answer is to maximize the total, not just one. It is just as reprehensible for metal smelters, for one of many instances, to use as much heat as they do without generating electricity as it is for the electricity and nuclear industries

to send to waste two units of heat for every one they put to good use.

Heat and power diverged and have taken parallel courses since the beginning of electricity distribution in the 1890s. It is time they came together. Energy Report No. 20 just published shows clearly the colossal consequences of the basic error made when electricity at any price (one shilling a unit in the twenties was no dear price) was the instant demand and fuel of no account at all. The situation is now reversed.

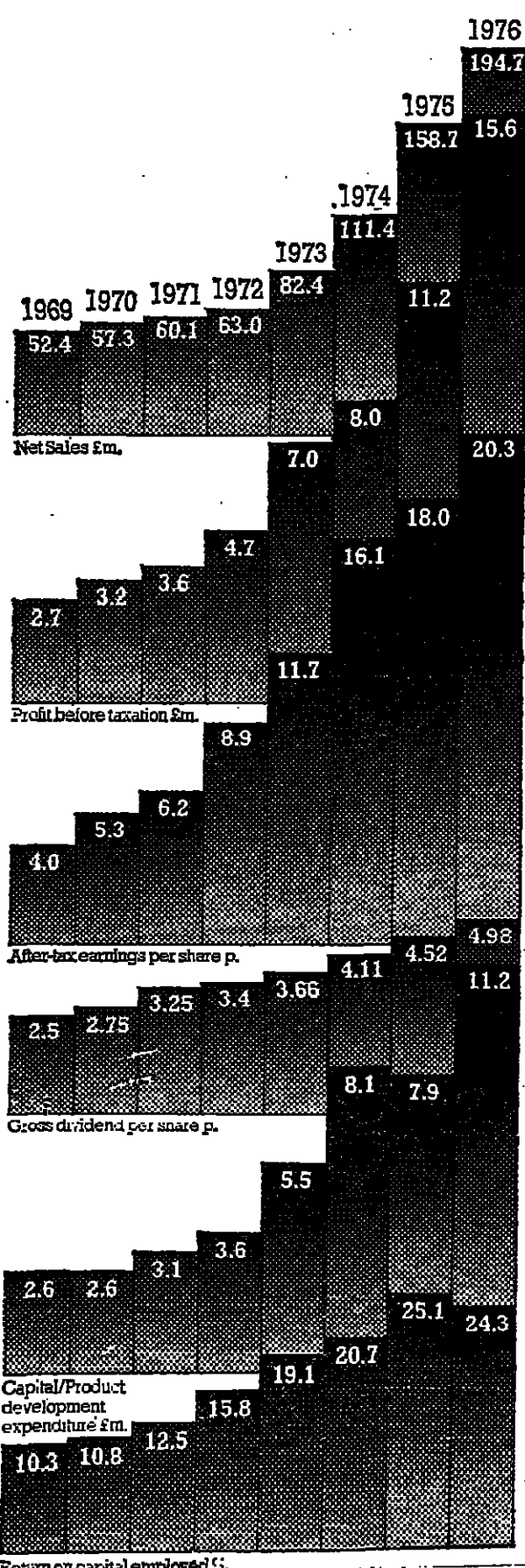
Mr Brookes is trying to support a discredited industry and is shutting his eyes to the future of his own in supplying both heat and power. He is ignoring the routine economic essentiality of CH & P in such industries as pulp and paper, tyre, tobacco, fertilizer, cattle food and edible manufactures, oil refining—and many others, economics that should perform equally well in the public sector were it not for the evils of monopoly supply.

The low grade fuels Mr Brookes refers to are being used for these purposes and when fluid-bed combustors now making rapid progress are available, it is because they operate at lower temperatures, be more efficient and, by absorption, emit far less toxic pollution.

If Mr Brookes's attitude is typical of the UKAEA outlook, then it bodes ill for all of us that the fundamental can be ignored in order to support propaganda of a purely industrial character. It is not Mr Sir John Hill, his chairman, who at one time a couple of years ago, was at pains to include district heating in his reviews of the potential of nuclear energy. Perhaps an official opinion rather than a personal one should now be expressed. The italics above are my own.

NORMAN JENKINS, Farnham, Surrey.

# EIGHT YEARS OF STONE-PLATT GROWTH



Stone-Platt Industries is an international engineering company with world-wide sales of £195m and employing 13,500 people.

The company aims to be a world leader in each of its main products—spinning and texturing machinery, marine propellers, train lighting and air conditioning, specialised pumps.

### From the 1976 Report.

- Profit before tax was 39% higher than in 1975.
- Sales were up by 23%.
- Total sales outside UK were £159m, representing 82% of total.
- Exports from the UK were up 36% to £91m, representing 72% of UK output.
- Safety Electrical Corporation acquired in the USA for \$6.6m.
- Each of the main product lines are now manufactured in North America.

For a copy of our 1976 Accounts and an illustrated brochure write to: The Secretary, Stone-Platt Industries Ltd, 25 St James's Street, London, SW1A 1HH.

	1976	1975
Net Sales £m.	194.7	158.7
Profit before taxation £m.	15.6	11.2
After-tax earnings per share p.	20.3	18.0
Gross dividend per share p.	4.98	4.52
Capital/Product development expenditure £m.	11.2	7.9
Return on Capital Employed %	24.3	25.1

## Stone-Platt Industries

## THE MERCANTILE INVESTMENT TRUST LIMITED

Points from the Statement by the Chairman, Mr. J. A. F. Biny, and the Report and Accounts for the year to 31st January 1977.

	Year to 31st January 1977	1976
Gross Revenue	£5,145,791	£4,937,047
Ordinary Earnings	1.00p	0.83p
Ordinary Dividends	0.95p	1.61p
Net Assets	£89.26m	£94.11m
Assets per Ordinary Share	41.2p	43.1p

- Earnings per share rose by 20%, a better result than predicted, and the dividend proposed for the year of 0.95p compares with a forecast of 0.80p.
- In the light of uncertainties both in the United Kingdom and overseas we reduced our gearing during the year through loan repayments and bond purchases. At 31st January 9.5% of the portfolio was in British Government Securities.
- Owing to the increases in the costs of independent operation we reached agreement during the year with Investment Trust Services Ltd, whereby it became Secretary to the Company. Management expenses will show a significant reduction this year.
- At 31st January, 46% of the portfolio was invested in U.K. equities, 30% in N. American equities, 10% in other equities and 14% in fixed interest securities. At the moment the board sees no reason to depart from this broad balance.

Copies of the report and accounts may be obtained from the Company at Bickenbury House, 11 Walbrook, London EC4N 8EQ where the Annual General Meeting will be held on Tuesday, 3rd May, 1977 at 12 noon.

## CLYDESDALE BANK LIMITED INTEREST RATES

Clydesdale Bank Limited announces that with effect from 31st March, 1977, its Base rate for lending is being decreased from 10½% to 9½% per annum.

مكتبة الشاه



BY THE FINANCIAL EDITOR

## Interest rates: back to single figures

Gilt-edged prices would have gone further yesterday on pure relief that there was nothing in Tuesday's Budget to worry about: but the strength of sterling provided the real impetus. Sterling provides the key to interest rates; if yesterday's strength is maintained then the fall in interest rates has further to go. That, however, is to assume a moderation of the inflationary pressure. The likely outcome now is for a matter of pure politics, they are unlikely to display.

And it is also to assume, either that the two-point gap between pound and dollar interest rates will be breached, or that dollar rates are still set to decline.

With United Kingdom inflation still running at twice the rate of that in America, and the United States economy set for recovery, both those assumptions are improbable. That still leaves scope for another two-point cut in minimum lending rate; but the market is already anticipating half of that tomorrow, or possibly even today.

If that full point fall does materialize there will be little for the gilt market to go for in the short-term; and indeed, the likely outlook now is for a period of profit-taking and the some sideways movement while the market weighs the pay negotiations and sterling's reaction to them.

But with the Government's borrowing requirements likely to be fairly modest by last year's standards, and institutional investors in the enjoyment of a large inflow of funds, there is still room for some growth once the pay uncertainties are over.

There is likely to flow through into equities too, but for the moment the banks are not likely to benefit from it. True, yesterday's widening of the retail margin to what was once an unthinkably 41 per cent cut by maybe a third the decline in profits they would otherwise have experienced—until volume lending improves the outlook must be uninspiring.

### House of Fraser

#### After the 'VAT reprieve'

With shares on the stores pitch already bubbling happily as a result of the Budget VAT 'reprieve', a warm stock market welcome was assured for House of Fraser's better-than-expected results.

Its shares gained 5p to 94p on the news that the group had managed to transform a near 50 per cent drop in first half pre-tax profits into a gain of 32 per cent by the end of the year.

The all important final quarter covering the Christmas sales period saw profits grow 74 per cent to £19.4m thus providing almost 70 per cent of the full-year total compared with a sector average of nearer 60 per cent.

So, Sir Hugh Fraser's reputation as a draper has lost none of its lustre though his esteem so far as the City is concerned may have some bearing on the performance of the shares over the next few months.

Sir Hugh's family still holds around 5 per cent of the group has not so far gone to great lengths to clarify his future intentions following the controversial sale of a large part of the SUITS holdings to Sir John Baring.

SUITS holds 10 per cent of House of Fraser but even more speculative froth is added to the current picture as a result of Carter Hawley Hale's 20 per cent stake.

CHL, SUITS and Sir Hugh have all stated that they are happy with the existing arrangement but stockmarket fears of a large-scale sell-off from one quarter are almost as great as hopes of a full bid eventually emerging.

Given the possibilities in-

involved a p/e ratio of 8.5 and yield of 7.9 per cent are perhaps grounds enough for holding the shares but there are speculative factors to consider.

**Final 1976-77 (1975-76)**  
Capitalization £114.2m  
Sales £429m\* (£366.5m\*)  
Pre-tax profits £27.7m (£20.9m)  
Earnings per share 11.05p (8.44p)  
Dividend gross 6.57p (5.97p)  
\* Excluding VAT

### Schroders

#### Mostly gains

Figures from Schroders confirm what those from Kleinwort Benson had already suggested: that the merchant banks benefited by nowhere near as much as the clearers from last year's high interest rates—naturally, since they don't enjoy the same "endowment" benefit on the cheap funds held in current accounts.

All the same, Schroders principal activities—banking and insurance—have done well, with profits after tax and transfers to inner reserves rising from £2.9m to £3.6m.

Non-banking, too, did well, reflecting a high level of activity at Schroder Leasing; and profits rose from £286,000 to £653,000 despite an (unquantified) write down of the capital value of the group's stake in Property Holdings International.

That 50 per cent stake in fact provided Schroders with most of its headlines last year, for PHI has made a hefty loss which pushed the share of associates (despite contributions elsewhere) from a profit of £242,000 to a loss of £1.23m.

The year has started well, with the chairman, Mr Michael Verey, "gave up" forecasting 33 years ago, he is mildly optimistic. However, that looks to be more than adequately discounted already in the yield of 4.8 per cent at 330p.

**Final: 1976 (1975)**  
Capitalization £25.8m  
Net profits £2.21m (£2.66m)  
Earnings per share 28.3p (34p)  
Dividend gross 15.8p (14.3p)

### Tubes

#### Aluminium rebounds

The story from Tube Investments is that the British Aluminium contribution, aided by price increases totaling 40 per cent, bounded up from £0.8m to £6.4m and that the rest of the group did little.

Restrictions on transfers of profits and dividends out of South Africa, contained in the Government's Budget yesterday, should have only a limited effect on British companies operating there. Under present rules any overseas company with a cash rich South African subsidiary could withdraw dividends on profits made from 1980 at the first sign of major political disturbance causing irreparable damage to South Africa's balance of payments.

The decision to allow transfers of profits and payments of dividends earned only since January 1, 1975, and the intention to restrict future payments to the previous two years' earnings should not affect foreign companies who wish to keep their South African operations as going concerns.

However, there may be the odd case where a company has allowed reserves to accumulate in a South African subsidiary from a time when the prospects there looked for more settled than they do today and may have planned to remit substantially more than two years' earnings.

**Final: 1976 (1975)**  
Capitalization £243.6m  
Non-life premiums £322m  
Distributable profits £24.5m (18.0)  
Dividend gross 9.16p (8.33p)

better than mark time. But that description alone does no justice to the vigorous second half recovery as a result of which TPs results have emerged some £4m-£5m ahead of most stock market projections.

Steel tube profits, down in the first half, were up by a quarter in the second while cycles, which had earlier been edging forward only slowly, were ahead by three-quarters. Domestic appliances and machines swung back into surplus and, all told, group trading profits were close to a fifth higher in the final period.

Very little of that represents volume, however. Aside from British Aluminium it is clear that TI has been getting its prices up well, most particularly in export markets where full advantage has been taken of the pound's fall.

All of which bodes well for the present year despite the sluggish outlook for domestic appliances and the apparent lack of any present volume increase. The first half will compare with a dismal period last year, and for steel tubes at least there should be some prospect of production increases as retrenching ahead of any 1978 investment revival gets under way.

British Aluminium and cycles should be good for more growth and a high level of inquiries, such as machine tools are presently experiencing, is normally a prelude to more orders. So a target of £58m-£60m this year is not unreasonable and a price earnings ratio of 8.1 and yield of 7 per cent at 412p represent solid value.

**Final: 1976 (1975)**  
Capitalization £188m  
Sales £716m (£619m)  
Pre-tax profits £49.6m (£42.3m)  
Earnings per share 50.7p (44.2p)  
Dividend gross 29.8p (26.2p)

### Prudential

#### Underwriting disappoints

General business lines were expected to provide much of the growth for Prudential Assurance in 1976, but householders' subsidence claims added to January storm damage and high winter motor claims helped reverse the marked first half improvement, increasing the year's underwriting deficit by £1.9m to £10.2m.

Investment income bolstered by 1975's £46m rights issue generated £21.5m against £15.7m bringing pre-tax profits on the non-life side to £11.3m. Shareholders' cut of life surpluses produced a further £13.7m and other income chipped in £4.5m bringing distributable profits roughly into line with market forecasts.

Overall earnings may match forecasts, but the disappointing underwriting experience casts a shadow over the figures, particularly since the group, while not quantifying its subsidence claims, discounts the idea that these exceptional costs accounted for all the downturn. The dismal underwriting result is particularly disappointing in view of the Prudential's success, through its acquisition of Standard Trust, in resolving its immediate solvency problems.

On the life front Prudential's weight of industrial branch business has not hit premium growth. But doubts about the quality of the non-life business and the effect of the market of the £7m overhang of shares held by Development Securities have not helped the share price. At 126p, up 2p on the results, the shares yield 7.3 per cent.

**Final: 1976 (1975)**  
Capitalization £343.6m  
Non-life premiums £322m  
Distributable profits £24.5m (18.0)  
Dividend gross 9.16p (8.33p)

Maurice Corina

## A subsidy which has kept over 200,000 at work

Thousands of workers owe their jobs to the operation of the temporary employment subsidy (TES), first introduced in August, 1975, to help keep workforces together during difficult times. The payments—at first £10 a week but later doubled—were originally intended to last only a year, but given the slow recovery in industrial activity it is hardly surprising to find the Chancellor again relieving the jobs subsidy.

With the ranks of the unemployed already swollen, the Government has already protected over 224,000 jobs for at least 12 months and probably longer. Employers clearly like the scheme and the Treasury, though coy on the point, is finding the subsidy a surprisingly cheap measure.

The subsidy was due to end on April 30, having been extended from December for new applications. In the Budget statement the Chancellor announced that, where 12-month subsidy payments to companies come to an end in the coming financial year, the employers can reapply for a further six months of payments, though at a reduced rate of £10 per head weekly where jobs would otherwise be at risk.

At the same time, new applications for the highest rate of £20 a week will be taken until March 31, 1978. It is expected that about 165,000 jobs can be saved in the next 12 months, with another 162,000 being protected under the reduced rate subsidy. For a small firm with less than 50 workers and operating in development areas, there is a £20 a week subsidy now available for every new job created (an important measure when smaller concerns have shed about a fifth of staff and unemployed people in these regions).

There is no doubt that the operation of the employment subsidy has been a great success. The gross cost of its

The main worry when the Chancellor took the decision two years ago to arm the Government with power to make special payments to firms prepared to defer planned redundancies was that it might encourage over-manning or prop up companies which were incapable of standing on their own feet in normal times.

The idea was to buy more time for employers anxious to retain personnel for the pro-

## The biggest beneficiaries have included textiles, clothing, footwear, paper and engineering

misled economic upturn or to redeploy people into more valuable jobs. There has been strong support for the whole scheme from employers, particularly those in important manufacturing industries which, odd as it may seem, remain concerned about shortages of labour, now manufacturing output is rising and the somewhat delayed rise in export orders is coming through. Many of the needy sector working parties involved in the Government's industrial strategy programme have expressed anxieties about the retention of labour, especially skilled people, so there is no development of production bottlenecks as order books fill up and demand rises.

Redundancy has become a very expensive business for employers. The average payment, for example, under the jointly financed Redundancy Fund rose in 1976 to over £600 for nearly 256,000 workers. Ten years before the payments averaged under £200. At the same time, the enactment of new employment protection law has added to the complications of declaring redundancies, while trade unions are militant over redundancy and more prone to occupy works.

Clearly, the Government has had little choice but to extend the TES. Many employers kept on workers believing the Chancellor might deliver faster growth, and a real danger this year that they would start shedding TES-protected employees just at the moment when unemployment figures might begin reducing.

The employment subsidy is, of course, only one of a number of measures introduced in recent years, covering youth employment, school-leavers, job release and job creation schemes, and special training measures. More than £600m has been spent in the past two years on creating or keeping open 500,000 jobs of training places, while the Department of Industry's aid schemes make their own particular impact on employment, too.

After all is said and done, there is the central fact that the TES will be keeping over 200,000 off the unemployment register, while the Chancellor expects his tax measures to produce another 100,000 jobs in due course. But when there are more people chasing fewer jobs, it is not the payment of subsidies that creates new employment but the tempo of industrial activity and new investment.

TES may be something of a success, but even so the size of the presently unemployed workforce with more school leavers on the way this summer remains unacceptable.

## There is no doubt that TES has been a great success

extension to March 31, 1978, is estimated at over £250m, which looks a lot of money.

Yet government cynicism on the actual net cost is understandable. After all, it is with drawing regional employment premium. Further, the Exchequer does make some important offsetting savings on the unemployment and redundancy benefits that would otherwise be paid out, the taxation it draws from people kept in work, and from the maintenance of national insurance contributions, now subject to a special surcharge, too.

Industries which are being supported by the TES are wide-ranging, from distribution to agriculture. But the highest beneficiaries have been textiles, clothing, footwear, electrical and mechanical engineering, construction and paper.

Any employer faced with making 10 or more workers redundant can apply for the job payment over a 12 month period. The reprieve last December until next month brought a rush of new applications, for at the turn of the year some 150,000 jobs had been saved and the latest figures put the number at 224,000, at a gross cost of £212m.

## Between bull pit and bear garden

One of Britain's two most internationally eminent economists tells me that he is convinced that we are on the brink of a formidable boom. This insight he attributes not to any intellectual demonstration of cause, but to a feeling he has "in his water".

He adds to having laid aside a life-time of meticulous economic science and fertile theoretical development in favour of near-mysticism. He has rediscovered the heretically simple explanation of the trade cycle advanced by the great early twentieth century Cambridge economist, Professor A. C. Pigou, namely that man—both investor and consumer—is afflicted with successive waves of optimism and pessimism which, once they begin, are powerfully self-reinforcing, at least for a good while.

He points to the confidence of the stock market, to falling interest rates, to the dip in personal savings from the last quarter of 1976, to the fall in unemployment over the last two months and to the rise in unfilled vacancies over the last four or five months. He acknowledges that all the careful predictions of forecasting science in 1974, 1975 and 1976 were thrown out completely by the wholly unforeseen strength of personal savings; and he rejects the instant explanation invented to account for this, namely that it was a reaction to inflation as such.

This may, of course, all be just temporary derangement induced by the Budget. When direct and indirect taxes are adjusted by as much as double what is required to offset back the effects of the last year's fiscal drag on the nation's tax burden, even eminent economists may be so carried away that, as Calypso had it, their "wisdom is consumed in confidence".

But it is not only eminent economists. Investors and City men are also going forth to the Capitol, or at least to the stock exchange, in cheerful throngs. Battle-scarred warriors of money hunt financial gains as likely to occur when there is profound monetary instability—when the rot in the monetary system goes very deep.

His explanation of the Great Depression of the 1930s was that "a deep monetary crisis developed, not in its 'proper' place, shortly after the downturn, but in full depression in the summer of 1931 (causing the real cycle) to plunge to yet lower depths" (*Trade Cycle*, page 163).

He was, of course, writing of the world economy as a whole; and he believed that such a monetary crisis could occur only because of a collapse of bank credit which the central banks were too weak to remedy. John Hicks, in his classic study of the *Trade Cycle*, called "autonomous" and "long-

range" investment waiting to be brought forward. Sir John, of course, set great store by the potency of the monetary system to aggravate the natural "real" rhythm of the investment accelerator, which he saw as the primary cause of the observed trade cycle phenomenon. But even he was sceptical that monetary reactions would cut short a developing boom.

For the actual process of real expansion is very favored by the expansion of credit. Profits are good, and risks appear to be low; even though there is some strain on the ultimate money supply, the opportunities for the development of money substitutes are vast, and the strain is therefore not very

unsound credit with sounder credit."

It will be said that there is no serious question about the financial stability of British banks, despite the earlier problems of the "fringe" banks and despite the difficulties for the international banking system still being caused by the violent effects of the oil surpluses and deficits after 1973. But, if the Bank of England operated in such a way as inadvertently to cause an abrupt monetary contraction—the wisdom of Thornton and Bagehot notwithstanding—indeed Sir John's "really catastrophic depression" could be caused.

But the Bank of England, after all, is ham-fisted rather than mad. If in order to arrest a fall in the money supply it has to be bought back by the authorities—or Treasury balances, or the Canadian call them, created on a large scale by direct government deposits with the clearing banks—the Treasury is perfectly capable of seeing the need.

Moreover, I incline to believe in the eminent economist's watery intimations of a revival of, at least, consumers' confidence. If this occurs credit demand will revive; and that, interacting with the Bank's interest-rate-orientated open-market operations, will cause the money supply to expand and perhaps threaten to exceed the Chancellor's 9.13 per cent budget expectations and the International Monetary Fund's "domestic credit expansion" ceiling.

Because the budget deficit is still so large any credit expansion would be "crowded out" by Treasury competition for the available savings. This would raise real interest rates, even if falling inflationary expectations continued to cut nominal interest rates.

In that event the Chancellor could find himself again facing last autumn's agonizing choice between rapid monetary expansion, industrially ruinous interest rates and politically dangerous expenditure cuts. At the same time, whatever Phase Three may say, pay settlements could be beginning to advance much more rapidly, so threatening a serious further rise in unemployment unless all monetary restraint is abandoned.

In that event, the political strains of resisting (and the financial consequences of conceding) the kind of monetary expansion that might mitigate unemployment in the short term, while fuelling 50 per cent inflation in the medium term would be grim. They might at last test to destruction even Mr Healey's Yorkshire resilience, to say nothing of Mr Pardo's Cornish good nature and Sir Geoffrey Howe's confidence that the problem is the Government's policy, not the contradictions of our political economy.

Peter Jay  
Economics Editor

likely to be effective so long as the boom continues" (*Trade Cycle*, 3rd impression, p159).

But Sir John's authority could equally well be cited on the opposite side of the argument by the late Mr Gordon Pepper of W. Greenwell and Co, who consistently warned since the late autumn of last year against the danger of a violent monetary contraction, and pronounced intensification of the present depression. Certainly, Mr Pepper's warnings that, so long as the Bank of England continues to operate on the basis of preconceived notions of the desirable level of nominal interest rates from time to time, the money supply can fall disastrously in 1977, look no less relevant for the experience of the past three months.

Sir John saw "the real horrors" occurring if "further monetary crisis supervenes when depression is already well advanced. . . . Really catastrophic depression is most unlikely to occur as a result of the simple operation of the real of money demand. . . . It is likely to occur when there is profound monetary instability—when the rot in the monetary system goes very deep."

His explanation of the Great Depression of the 1930s was that "a deep monetary crisis developed, not in its 'proper' place, shortly after the downturn, but in full depression in the summer of 1931 (causing the real cycle) to plunge to yet lower depths" (*Trade Cycle*, page 163).

He was, of course, writing of the world economy as a whole; and he believed that such a monetary crisis could occur only because of a collapse of bank credit which the central banks were too weak to remedy. John Hicks, in his classic study of the *Trade Cycle*, called "autonomous" and "long-

## The Prudential Assurance Company Limited

The unaudited results for the Prudential Group of Companies for 1976 are set out below with comparative figures for earlier years.

The Directors have declared an immediate final dividend of 3.752p per share payable on 23 June next. This, together with the interim dividend of 2.200p per share declared in September last, amounts to 5.952p. Adding an imputed tax credit at the rate of 35/65ths, the equivalent gross amount is 9.158p per share, and compares with 8.326p per share for 1975. If the rate of tax credit becomes 33/67ths, it would be the Directors' intention to declare a deferred final dividend of 0.116p per share in order to maintain the equivalent gross amount.

	1976	1975	1974	1973
Life:	£m	£m	£m	£m
Surplus	210.1	186.8	135.8	157.1
Policyholders' bonus	198.4	174.8	127.8	146.1
To Profit and Loss Account	13.7	12.0	8.0	11.0
Non-Life:				
Premium Income	321.9	233.9	190.8	167.8
Underwriting profit/(loss)	(10.2)	(8.3)	(4.7)	5.5
Investment income	21.5	15.7	11.5	8.1
Taxation	11.3	7.4	6.8	14.6
To Profit and Loss Account	5.0	4.1	1.6	6.7
Profit and Loss	6.3	3.3	5.2	7.9
Life	13.7	12.0	8.0	11.0
Non-Life	6.3	3.3	5.2	7.9
Account:	4.5	2.7	2.9	1.0
Other net income	24.5	18.0	16.1	19.9
Profit for the year	8.3	3.2	4.6	9.5
Retained profits	16.2	14.8	11.5	10.4
Dividend cost				
Equivalent gross dividend per share	9.158p	8.326p	7.711p	6.729p

Earnings per share are not appropriate for life assurance business and have not therefore been given. Figures for the Mercantile and General have been included on a current year basis. The Shareholders' Funds of the Group as at 31 December 1976 were £10.8m. If all the shares of The Standard Trust Limited are acquired under the offer made, Shareholders' Funds would be increased by some £30m. Bonuses on the Company's participating life and annuity business have been declared as follows:-

Ordinary Branch Assurances (United Kingdom)	
(a) Reversionary bonus:	£4.20% (£3.80%)
(b) Terminal bonus for policies issued in 1975 (1974) or earlier, payable on claims by death or maturity in the twelve months commencing 1 April 1977. (Examples shown below.)	
Year of issue	%
1967	£15.30 (£12.40)
1962	£31.00 (£27.80)
1957	£47.00 (£43.80)
1947	£75.20 (£72.70)
1927	£118.00 (£112.60)
Industrial Branch Assurances	
(a) Reversionary bonus:	£2.60% (£2.60%)
(b) Terminal bonus for policies issued in 1975 (1972) or earlier payable on claims by death or maturity in the twelve months commencing 1 April 1977. (Examples shown below.)	
Year of issue	%
1967	£11.80 (£7.30)
1962	£28.70 (£21.50)
1957	£41.60 (£37.40)
1947	£68.50 (£66.20)
1927	£108.00 (£106.60)
Group Pension Business (United Kingdom)	
The rate of annual bonus under deferred annuity contracts has been increased to £6.50% compound (£6.00%) and under cash accumulation contracts to £4.40% compound (£3.90%).	
Other Business	
The rates of bonus on United Kingdom personal retirement annuity plans have been increased and increases have been made in some bonus rates for overseas business.	

## Prudential

The Prudential Assurance Co. Ltd. 142 Holborn Bars, London EC1N 2NH.

## Business Diary: Baring accepted • A Productivity Year?

With the effortless grace that characterizes everything to do with the Accepting Houses Committee, John Baring is to succeed Michael Verey of Schroders as chairman of that innermost sanctum of the merchant banks.

Baring is 48 and can trace his lineage back to the founder of Baring Brothers. He joined the bank straight from Oxford in 1950 and then had a spell

in New York and Toronto with J. P. Morgan, Morgan Stanley and Harris & Pritzner. On his return to Barings, he became a director of the bank in 1955 and then moved smoothly through the upper echelons, chiefly on the then expanding corporate finance side, finally emerging as chairman three years ago.

Having only just heard of his appointment yesterday—selection is conspicuously a matter of discreet canvassing by the outgoing chairman—Baring has no set ideas of any immediate changes he would like to see made by the AHC which repre-

### Two-day test

David Bailey today faces his first big test as chief executive of the British Productivity Council.

He is to present his policy for the year ahead to representatives of the council's 41 regional branches at a two-day private conference at Stratford on Avon.

This will be the first time he and they have all been together in the same place at the same time. It is by no means sure that what he has to say will be to all the delegates' liking.

Bailey will suggest that it is time BPC should once again function as a national body rather than as a federation of autonomous regional groups. Unless he can sell that idea to the branches, he has little



British Productivity Council's David Bailey: wringing tones.

chance with the other plank of his policy, an attempt to wring some cash out of the Department of Industry.

BPC all but closed down after the withdrawal of state aid by the Heath government. The council has since staggered along on the proceeds from its film-making and distribution.

Bailey would like there to be another officially-backed National Productivity Year, similar to the present National Export Year.

The last time this was done was in 1962. Next year is BPC's jubilee year, which for reasons of historical tidiness, if for no other, would seem as a good a year as any to have another go.

BPC associations of businessmen and trades unionists lecturers, seminars and exhibitions and provide some consultancy services for small firms. Bailey took over in August from Mac McLennan on the latter's retirement. The new man took a cut in salary in

leaving his job as manager, NCR consultancy services. His present salary can rise, however, with the council's own "productivity".

The proceedings at Stratford today and tomorrow will be watched with particular interest by one member of the council of management—Sydney Treadgold, who is an assistant secretary at the Department of Industry.

### Wingtip

As Business Diary dipped on February 22, Sir Peter Fletcher is joining Lord Beswick's team on the board of British Aerospace.

He is joined by Derek Gladwin, southern regional secretary of the





**ROBECO**  
ROTTERDAMSCH  
ELEGINGS-CONSORTIUM N.V.

Robeco N.V. announce a Final Dividend for the year 1976 of 3% in stock from the Share Premium Reserve.

OR

at the option of the Shareholders/Sub-shareholders, Fls. 5.20 (Fls. 0.52 per Sub-share) in cash from the General Reserve.

When the dividend is taken in stock, holdings represented by Robeco Shares with coupons attached cannot be aggregated with holdings of Registered Sub-shares.

#### EXCHANGE CONTROL POSITION

The Bank of England have given a general permission for Authorized Depositories to deal with this distribution, on behalf of the Shareholders, in the following manner:

(1) On the presentation of Coupon No. 72, shares received by shareholders in respect of the dividend must be held by (or, if held subject to the order of a United Kingdom Authorized Depository subject to the same conditions as the underlying holding, if the option to receive cash in lieu of stock is exercised, the amount received must be treated as a dividend and paid to an Authorized Dealer at the current market rate in the official foreign exchange market.

Cash received after the 30th September 1977 may be treated in the same manner as proceeds emanating from a sale of the underlying holding.

(2) Purchase of Coupons No. 72

Such may be purchased for Sterling in the United Kingdom or with uncashed coupons in the United Kingdom.

Shares acquired by the purchase of additional Coupons

(a) may, in respect of United Kingdom residents whose underlying holding is regarded as qualifying for transfer in completion of a sale under the permission given to Authorized Depositories, be regarded as so qualifying;

(b) should, in respect of the United Kingdom residents whose underlying holding is held subject to restrictions on disposal, be held subject to the same restrictions in the United Kingdom; and in the case of non-residents, applications, submitted through Authorized Depositories, for the purchase of additional Coupons relating to shares derived from the Coupons purchased with investment currency, to be regarded as eligible for the permission.

(c) Shares acquired by residents of the Scheduled Territories or other countries in the United Kingdom should be held subject to the terms of paragraphs 57-64 of the above mentioned Notice.

(3) Sale of Coupons No. 72

(a) In respect of United Kingdom residents

(i) Where the underlying holding could be transferred in completion of a sale under the permission given to Authorized Depositories, the sale of the Coupons No. 72 may be regarded as a sale of the underlying holding, and in the case of non-residents, applications, submitted through Authorized Depositories, for the purchase of additional Coupons relating to shares derived from the Coupons purchased with investment currency, to be regarded as eligible for the permission.

(ii) Where the underlying holding is held subject to restrictions on disposal, the sale of the Coupons No. 72 should be held subject to the same restrictions in the United Kingdom; and in the case of non-residents, applications, submitted through Authorized Depositories, for the purchase of additional Coupons relating to shares derived from the Coupons purchased with investment currency, to be regarded as eligible for the permission.

(b) In respect of residents of the Scheduled Territories or other countries in the United Kingdom

Permission under the Exchange Control Act 1947 is given for Coupons No. 72 to be sold in the United Kingdom for Sterling or abroad for Foreign Currency, provided that the underlying holding is in the beneficial ownership of the resident, and that the sale is made at a price not less than the current market rate in the official foreign exchange market; the Coupons may not be sold in the United Kingdom for Sterling.

(c) In respect of residents of the Scheduled Territories or other countries in the United Kingdom

Permission under the Exchange Control Act 1947 is given for Coupons No. 72 to be sold in the United Kingdom for Sterling or abroad for Foreign Currency, provided that the underlying holding is in the beneficial ownership of the resident, and that the sale is made at a price not less than the current market rate in the official foreign exchange market; the Coupons may not be sold in the United Kingdom for Sterling.

Note:

The above permissions relating to residents of the Scheduled Territories or other countries in the United Kingdom are given without prejudice to any requirements of the local Exchange Control Authorities.

#### INCOME TAX POSITION

UNITED KINGDOM RESIDENTS

When the dividend is accepted in stock, i.e. 3%, it is not subject to Netherlands Dividend Tax.

When election is made to take the dividend in cash, i.e. Fls. 5.20 per share (Fls. 0.52 per Sub-share), the dividend is subject to Netherlands Dividend Tax and United Kingdom Income Tax, and the dividend is subject to the further information given in this notice.

SALE OF COUPONS

It has been ruled that a coupon which entitles a shareholder to participate in an optional cash/stock or stock/cash distribution is a coupon for foreign dividends, within the meaning of Section 139 (1) Income & Corporation Taxes Act 1970, and the proceeds of the sale or transfer of a coupon, without selling or transferring the underlying security, are accordingly chargeable to tax under Section 159 (3) Income & Corporation Taxes Act 1970.

#### BEARER SHARE WARRANTS

##### WITH COUPONS ATTACHED

Authorized Depositories in the United Kingdom may present coupons to the Companies for payment of the dividend. The Bank of England, Stock Office, 100, Strand, London, W.C.2, will accept coupons for payment of the dividend on business days between the hours of 10 a.m. and 2 p.m. on the following dates:

Payable as from the 12th April 1977.

Holders accepting this dividend in stock will receive new shares, free of payment, on the basis of one new share for each 30 shares held, subject to the presentation of which must be in multiples of 30 shares.

Holders who elect to take the dividend in cash will receive payment in Sterling at the sight buying rate of exchange (less exchange commission), on Amsterdam current at 2 p.m. on the day of payment.

After the 30th September 1977, the option ceases and an amount in cash based on the rate of the share as at that date will be made available by the Company.

Residents of Switzerland can apply for a partial refund by submitting a form R-11 to the Eidgenössische Steuerverwaltung, Bern, from whom this form can also be obtained.

Residents of Italy can have a full refund by submitting Form 92, certified by their local tax inspectors, to the Inspector of Corporation Tax, Willemstraat 24, Amsterdam.

If the coupons presented are accompanied by the appropriate foreign tax receipts, the following countries are eligible for a refund: Belgium, Canada, Denmark, Finland, France, The Federal Republic of Germany, Indonesia, Ireland, Italy, Japan, Luxembourg, The Netherlands, Singapore, South Africa, Spain, Surinam, Sweden, or the United States of America. The refund will be paid at the rate of 15% of the dividend and coupons will be paid at the rate of 15% of the dividend.

Forms 92 VK will not be required. United Kingdom Income Tax will be deducted at 20% on the gross dividend.

In those cases where exemption from Netherlands Dividend Tax is not claimed, the dividend will be paid at the rate of 15% of the dividend and coupons will be paid at the rate of 15% of the dividend.

For holders electing to take the dividend in cash (Fls. 5.20) a first sterling rate of exchange will be determined on the second day after the dividend is paid. This will be the rate of exchange for the dividend in cash. The requirements for the claim in respect of certificate denominations must be completed when stock is being accepted.

The Second Date will be the 30th March 1977, and the Payment Date 12th April 1977.

Holders who accept the dividend in stock will be advised when the new Sub-share certificates are available against claims. Fractional certificates will not be issued but the certificate for Sub-shares representing fractions will be paid and the net proceeds distributed in the appropriate portions to claimants.

For holders electing to take the dividend in cash (Fls. 5.20) a first sterling rate of exchange will be determined on the second day after the dividend is paid. This will be the rate of exchange for the dividend in cash. The requirements for the claim in respect of certificate denominations must be completed when stock is being accepted.

When making payments on or after the 12th April 1977 National Provincial Bank (Nominees) Limited will deduct Exchange and Marking Commission (except where Inland Revenue Affidavits are lodged with the claim).

After the 30th September 1977, stock only will be available for those Sub-shareholders who have not claimed their entitlement.

#### Commercial and Industrial Property

**WAREHOUSE WANTED** within 10 miles of Heathrow, approx. 10,000 sq. ft. with van access. On long-term lease. For details contact: 01-834 0339.

#### Commercial Services

**TELEX SERVICES** on business lines only. Telex 242422. Telex 242422. Telex 242422.

#### LEGAL NOTICES

In the Matter of BEZMAN Limited (In Liquidation).

Notice is hereby given that the Liquidator of the above-named company, Mr. J. H. BAKER, has received from the creditors of the company a sum of £1,000.00.

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#### DOMESTIC SITUATIONS

**Experienced Cook/Housekeeper required**  
own self-contained flat, colour television, car available, all mod. cons. Daily helps, good salary, refs. essential, write only stating age and experience  
**Mrs. R. M. I. Stewart, Waverley, Witheridge Lane, Penn. Bucks.**

#### DIRECTOR'S COOK

Cook/Chf. required for Director's dining room—must be a top class cook, capable of handling a large party of 12-15 guests. Salary £200-250 p.w. Apply to: Mr. J. H. BAKER, 100, Strand, London, W.C.2.

**COOK AND RECEPTIONIST**  
Small country house hotel in Devon. Cook and Receptionist required. Salary £150-200 p.w. Apply to: Mr. J. H. BAKER, 100, Strand, London, W.C.2.

**NANNY FOR TEHRAN**  
English-speaking family of four children, 10-12 years old, require a Nanny for Tehran. Salary £150-200 p.w. Apply to: Mr. J. H. BAKER, 100, Strand, London, W.C.2.

**EXPERIENCED FEMALE COOK**  
Knowledge of nutrition, cooking, and food preparation. Salary £150-200 p.w. Apply to: Mr. J. H. BAKER, 100, Strand, London, W.C.2.

**HOUSEKEEPER/COOK**  
For London residence of overseas family. Salary £150-200 p.w. Apply to: Mr. J. H. BAKER, 100, Strand, London, W.C.2.

**MOTHERS' HELP WANTED**  
Country home, must be a country house, with garden, and a few acres. Salary £150-200 p.w. Apply to: Mr. J. H. BAKER, 100, Strand, London, W.C.2.

**NANNIES & MOTHERS' HELPS**  
Nannies and Mothers' Helps required for London and overseas. Salary £150-200 p.w. Apply to: Mr. J. H. BAKER, 100, Strand, London, W.C.2.

**EDUCATIONAL**  
G.C.E. DEGREE and Professional Certificate in Education. Salary £150-200 p.w. Apply to: Mr. J. H. BAKER, 100, Strand, London, W.C.2.

**COMPUTER PROGRAMMING**  
Sponsored training courses provided by training division of leading computer manufacturing company. Salary £150-200 p.w. Apply to: Mr. J. H. BAKER, 100, Strand, London, W.C.2.

**APPOINTMENTS VACANT**  
also on page 12

**UNIVERSITY APPOINTMENTS**  
University of Botswana and Swaziland

**UNIVERSITY APPOINTMENTS**  
University of Dar es Salaam

**UNIVERSITY APPOINTMENTS**  
University of Nairobi

**UNIVERSITY APPOINTMENTS**  
University of Kampala

**UNIVERSITY APPOINTMENTS**  
University of Addis Ababa

**UNIVERSITY APPOINTMENTS**  
University of Lagos

**UNIVERSITY APPOINTMENTS**  
University of Ibadan

**UNIVERSITY APPOINTMENTS**  
University of Zaria

**UNIVERSITY APPOINTMENTS**  
University of Benin

**UNIVERSITY APPOINTMENTS**  
University of Port Harcourt

**UNIVERSITY APPOINTMENTS**  
University of Calicut

**UNIVERSITY APPOINTMENTS**  
University of Kerala

**UNIVERSITY APPOINTMENTS**  
University of Madras

**UNIVERSITY APPOINTMENTS**  
University of Mysore

**UNIVERSITY APPOINTMENTS**  
University of Ooty

**UNIVERSITY APPOINTMENTS**  
University of Pondicherry

**UNIVERSITY APPOINTMENTS**  
University of Ranchi

**UNIVERSITY APPOINTMENTS**  
University of Shimla

#### FINANCIAL NEWS

**George Whitehouse**  
**A Hobson's choice for minorities**

The 71p per share offer by Midland Northern Trust for the shares it does not own in George Whitehouse (Engineering) raises serious questions for small shareholders.

How should they react, for instance, when the former chairman Mr. Norman Whitehouse has dissociated himself from the offer, yet has already accepted NMT's terms in respect of his own 26.3 per cent holding?

Shareholders with long memories will doubt remember that Mr. Whitehouse, who has previously sold and bought back a large strategic holding in the company.

Manufacturing polished and nickel plated steel strip for domestic appliances, Whitehouse slipped badly into the red.

Since then, profits have grown gradually until in the 12 months 3 July last, the improvement was sharply reversed with a £107,000 deficit.

But, since its launch under the aegis of Mr. Ronald Palfreyman's Bank Bridge Securities, it would be entered under the standstill if shareholders were more concerned by the various management changes.

In the autumn of 1973 Edward Bates launched a 27p per share cash bid on behalf of Columbus Trust, the 54 per cent of Whitehouse that Columbus did not own. The bulk of the bidder's starting stake came from Mr. Norman Whitehouse who had sold 30 per cent with an option for a further 10 per cent.

Columbus eventually got 66.5 per cent with an option for a further 5 per cent. It stated that it intended to maintain Whitehouse's listing and to expand in engineering and related activities as opportunities presented themselves.

But by the middle of last year, Columbus which was an unquoted company, had failed. In July, Whitehouse informed shareholders that 25.34 per cent of its equity had been sold by the liquidator who refused to reveal the identity of the purchasers or the price paid for the stake.

Goodbye Columbus and also Oliver Rix which simultaneously announced the sale of its 46 per cent stake in Whitehouse. NMF emerged as one of the purchasers from the liquidator as was Mr. Whitehouse himself who bought back 742,000 shares.

Associated with the Birmingham investment bank, G. R. Ray Maughan

**BURNS-ANDERSON**  
Profits stationary at £201,000 against £202,000 for half to December 31 on turnover of £157.7m. Interim unchanged at 0.54p gross.

**TILLING**  
Tilling reports successful completion of offer, announced in January, to buy Intermedco Inc, medical supplies of Houston, Texas, for \$15m. This is first major takeover by group's interests in United States.

**DAWNAY DAY IN**



## FINANCIAL NEWS AND MARKET REPORTS

## Stock markets

## Budget verdict: gilts blaze, shares glow

With much uncertainty cleared away by the Chancellor's package both equities and gilts staged a strong advance.

On the industrial pitches shares felt the benefit of a pent-up institutional demand and by 11 am the FT Index was 9.3 better and at its highest point of the day.

With second-half deliveries thought to have been patchy, dealers are taking a cautious view of London Brick whose preliminary figures are due today. Initial profit estimates of £12m have been scaled down to between £10.5m and £11m, compared with £9.8m. The shares were cautious ahead of the statement.

the day. Though demand dried up after lunch, and there was a degree of profit taking, prices

held up well and by the close the index was still 6.8 ahead at 427.2.

Dealers said further consideration of the Budget had done nothing to alter the market's favourable view, even though the response of the unions to the further incomes restraint was a background worry. But for the moment, most feel that the Budget has cleared the way for another cut in interest rates, and this general sentiment was enhanced by base rate cuts from the clearing banks.

In the gilt-edged market, trade was, if anything, even brisker than in equities. By the end of the session long dates stood up to £3 higher with the new 12.25 per cent 1992 stock up £2.67 at £127 in spite of some late profit taking.

Shorts were equally firm with most better by up to a couple of points. Among bid stocks FMC

reacted 11p to 103p after the NFU rejection of Borthwick which Bridgewater put on 20p to 213p in the hope of better terms from Rothschild Investment.

Among the engineers, Tube Investments soared 16p to 412p after pleasing figures, while GKN, up 9p to 342p, went ahead strongly in sympathy. The clearing banks were generally not stirred by the base rate cuts though Midland at 282p and Lloyds, 217p, were several pence firmer. Schroders lost 5p to 330p among merchants after their statement. On the insurance pitch results had Legal & General a penny up at 125p, Pearl 4p to the good at 204p and Prudential at 126p, gaining 2p. In properties, statements left Peachey half a point lower

at 321p and Slough Estates up a penny to 91p. Berkeley Hambro was an isolated firm spot, gaining 11p for a close of 83p.

There was a surprisingly active trade in tobacco shares after the increase in tax, with BAT Industries up 8p to 273p and Imperial Group 21p to 713p.

Building industry shares continued to benefit from the £100m Government boost even though many regard the sum as small. The best spots were to be found in Taylor Woodrow, Brierley 10p to 30p, Costain 5p to 174p and UBM, which has the backing of the charitaries and rose 31p to 531p. Housebuilders were another part of the sector to go ahead, this time on the prospect of a cut in mortgage rates. Here Barratt Developments gained 7p to 89p and Gough, Cooper were 6p ahead at 49p.

In hotels De Vere benefited from speculative interest and rose 6p to 126p but Savoy 'A' hit by profit taking and gave up

3p to 45p. The food sector was another with hopes of a boost from higher pay packets and Sainsbury added 6p to 166p, Wheatthorpe 8p to 178p and Kwik Save 7p to 177p.

Equity turnover of March 29 was £53.44m (15,880 bargains). According to Exchange Telegraph active stocks yesterday were 101, BAT, Marks & Spencer, Shell, BAT Dtd, Burmah, GMB, Courtaulds, Gus 'A', Reckitt & Colman, GEC, Hay's Wharf, EMI, Dunlop, Wm Press, De Vere, Pork Farms, Barratt Developments, Tube Investments, House of Fraser, Marshalls Universal and Bridgewater Estates.

## Latest dividends

Company (and par value)	Ord	Year	Pay	Year's	Prev
Bata Matsing Int	0.41	ago	date	total	year
Bata Matsing Int	0.38	1975	17/5	5.97	5.43
Bridport-Gendry (25p) Int	0.66	0.60	1/8	—	1.13
Brit Aluminium (10p) Int	15	2.5	9/5	30	3.5
Burns-McAlister (10p) Int	0.35	0.35	18/5	—	1.2
Equity & Law (5p)	5.98	5.44	18/5	5.98	5.44
House of Fraser (25p) Int	2.75	2.50	1/7	4.26	3.87
Thomas Jordan (10p) Int	1.52	0.65	—	2.6	0.65
Legal & General (5p) Int	2.25	2.25	—	5.11	4.65
Newman-Tonks (25p) Int	0.8	0.7	26/5	—	3.25
Patani Fara (10p)	0.36	0.33	17/5	—	1.83
Peachey Props (25p) Int	0.25	0.25	2/5	0.98	0.25
Pearl Assurance (5p) Int	0.41	0.34	9/6	10.24	9.31
Prudential Assurance (5p)	3.75	3.41	—	5.95	5.41
RKT Textiles (10p) Int	2.69	NI	—	4.27	NI
Schroders (10p) Int	7.24	6.31	6/5	10.2	9.31
Slough Estates (10p) Int	1.21	1.21	25/5	2.02	1.85
Tube Investments (10p) Int	9.96	9.05	—	18.76	17.05
Victor Products (25p) Int	1.19	1.08	25/4	—	2.71
Zenith Carburator (50p)	3.98	2.62	—	3.98	2.62

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.54.

## Slough values its properties at £194m, or 113p a share

By Ronald Pullen  
Slough Estates 1p rise to 91p yesterday probably owes more to the revaluation of its properties than the fairly pedestrian profits for the year.

Property assets in the United Kingdom, Belgium, France, Australia and the United States were revalued at December 31, 1976 and show an increase from the £137.2m at the time of the last revaluation in 1972 to £193.8m.

The net surplus on valuation of £24.3m has been credited to its shareholders. The effect of this revaluation has been to increase the net asset value

from 83p to 113p a share.

Meanwhile, the developments in Brussels and Sheffield have continued to overshadow the figures. Unrelieved losses overseas mainly in Brussels, but also due to Chicago where only 40 per cent of the assets at present pushed up the tax charge to 55 per cent.

This has in any case been inflated by a £162,000 provision for prior years against the £449,000 over-provision in the previous year.

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.54.

£5.77m to £8.83m in the year to December 31, 1976.

Overseas rental income increased from £2.83m to £4.03m. Pre-tax profits go up from £5.34m to £6.08m although with the higher tax charge earnings per share have fallen from 5.65p to 3p, while the dividend has been raised by the maximum to 3.12p a share gross.

Demand for industrial space is still not buoyant, particularly in the US and Canada. Slough Estates has now finished the first phase of its Aberdeen estate and a start has been made on construction in Reading.

## Grampian is looking to 1980s

By Nicholas Hirst  
Grampian Holdings, the Scottish printing, road haulage, and consumer goods group, raised pre-tax profits by 8.7 per cent to £2.8m last year. But 3.5 per cent of that increase came from a drop in interest charges from £50,000 to £46,000.

However, borrowings went up during the year after starting off at a low level and are expected to grow to around £600,000 this year. Profits, the group believes, should still rise, largely because of loss elimination.

Although the printing and publishing division lost £300,000 last year compared with breakeven in 1975, the picture was improving in the second half, particularly in the last quarter. Although the division is not, apparently, back in profit yet, a substantially improved result is expected in the current year.

Prospects for the industrial services division, however, which showed the largest profits increase from £1.47m to £1.89m before central expenses, are less certain. The management is not sure of the likely development of its construction interests during the year.

But benefits should flow from rationalization at a new acquisition which provided profits of only £50,000 last year.

The group is looking, overall, for a modest rise in profits in 1976, but it has its eyes on the 1980s for major expansion.

Earnings per share were 12.82p and the dividend rises to 6.05p gross with a final of 3.74p.

## Tilbury in toughest year yet

Having kept construction recession at bay for so long it now looks as if Tilbury Contracting will have to retreat this year. But which tack the withdrawal should take soon.

Mr P. Edge-Paterson and his colleagues point to the Government moratorium on most public sector work. So competition will be fierce and the task of maintaining United Kingdom's tough

Now, probably, will Nigeria contribute to this year's profits. The directors add "the group

is therefore looking to 1978 for conditions which will permit expansion . . . to be resumed."

Tilbury managed to raise turnover last year from £28.8m to £31.1m but it was not enough to keep operating profits on the margin and interest payable rose by more than 6 per cent curbing pre-tax profits by 5 per cent to £194m.

The group actually did better in contract building, civil engineering and plant hire, but road surfacing and estate development let it down. In the case of estate development

planning delays meant fewer completions.

Even so the group is paying more. Up goes the final dividend from 11.03p net to 11.92p, lifting the total from 16.53p to a maximum 17.92p net, or 27.6p gross. This payment absorbs only £348,693 from available profits of £803,805. Earnings a share were 46.88p against £17.0p.

The group also reports that it has kept up its cash balances despite a big increase in work in progress.

## British Aluminium on crest of recovery wave

Booming demand, price increases, higher efficiency and flat-out working, after the depression of 1975, are reflected spectacularly in the results for 1976 of British Aluminium, whose equity is almost entirely held by Tube Investments in conjunction with Reynolds Metals of America.

Although the half-year figures have already marked a strong rebound, the year's figures are still striking. On a turnover up £50m to £174m pre-tax profits rocketed from £1.7m to £13.1m.

On a current-purchasing-power basis the group recovered from a loss of £2.6m to a pre-tax profit of £7.3m. As special credits shrank from £4.5m to £209,000, net earnings were little changed at £5.7m. The total dividend soars from 5.3p to 30.8p gross.

Raleigh, another "Tubes" offshoot, had a good year, holding its pre-tax profit from £3m to £7.7m on sales of £100.2m (£87.5m), although the figures are not strictly comparable.

demand for loans from industry and commerce which have meant lower interest rates in other countries.

At home he says that the expected benefits of North Sea oil and gas are being offset by an increasingly uneasy political and industrial picture.

The balance-sheet shows that deposits rose 10 per cent to £385.2m, while loans rose from £432.3m to £532.6m.

## Biddle taking up building slack

Building is a tough business these days so Biddle Holdings (a specialist in heating and air-conditioning equipment and lifts) can look back on 1976 with some pride and record results.

First half pre-tax profits had risen modestly, but they jumped in the second six months, so the year's profits spurred 28 per cent to £940,000, producing earnings of 10.7p a share against 8.3p. Turnover expanded from £3.5m to £10.2m.

The final payout is again increased, lifting the total from 8.36p to 9.2p.

Orders this year are higher than before, and a "healthy" financial position should stand the group in good stead.

## Bumper dividend from Jourdan

The return to profits at Thomas Jourdan at half time was no flash in the pan. Pre-tax profits of the investment holding group finished 1976 at £608,000, compared with a loss of £54,000. Turnover went up from £3.7m to £5.4m.

Shareholders get a gross dividend quadrupled 4p, and the board says that although the group was a "close" company at December 31, it is one no longer. Earnings a share were 7.34p against a loss of 0.36p.

The directors add that trading has expanded steadily and net margins continued to widen.

## Samuel Props bright

Having turned a loss of £1.04m into a pre-tax profit of £248,000 last year, Samuel Properties has managed to push profits for the month to £873,000. This was achieved on gross income of £4.6m against £3.7m.

There is again no interim dividend but a payment will be made in the 1977 calendar year.

## Kleinwort, Benson

World trade is not growing as fast as many hoped and Mr R. A. Henderson, chairman of Kleinwort, Benson, the merchant banking subsidiary of Kleinwort, Benson, Lonsdale also points to a subdued

## Rbt Kitchen Taylor's losses double

After providing £800,000 against property stock, losses at Robert Kitchen Taylor have doubled to £550,000 for the year to September 30. Turnover for the year went down from £11m to £10.6m.

The domestic appliance division has been discontinued and a full provision for this is included in extraordinary items of £843,000 against £128,500.

This leaves losses at £1.66m against £265,000 and the loss a share at 29.31p against 11.43p.

## Newman-Tonks up

The second-half improvement at Newman-Tonks last year has carried over to give a 50 per cent jump in pre-tax profits to £549,000 for the six months to January 31. Turnover rose 28 per cent to £9.3m.

Direct exports continue to rise and the board of this metal hardware group expects the second half to improve upon the present results.

The interim dividend is raised from 10p to 12.5p gross and a maximum payment is forecast.

## Common themes from insurance companies

By John Brennan

A strong life branch performance partially offset at home by subsidence claims on general accounts, as well as sharply higher investment income surpluses, are common themes through the insurance company results announced yesterday.

Leading the field, Legal & General Assurance beat most external estimates with operating profits up by 14 per cent to £11.1m in 1976.

Life and pension profits improved from £6.6m to £7.7m in the year on record world-wide premiums of £380m. L & G's general account business reduced its loss from £4.7m to £3.7m on premium income of £100m.

This was an improvement which makes the scale of the recovery overseas as storm and subsidence claims of £3.7m pushed the domestic account into the red. Investment income rose by £4m to £13.6m.

Overall long term business produced a surplus of £59.1m, £46.5m of which has been allocated to policyholders.

Mr Ron Peet, L & G's chief executive takes the opportunity to add his voice to the anti-nationalisation lobby.

He also calls for "urgent action from employers" who have yet to decide whether or not to opt for the new State pension scheme. L & G recommends the maximum permissible dividend increase, to 7.88p gross per share, and the shares rose 1p to 125p.

Mr Peet, L & G's chief executive also notes a reduction in overseas underwriting losses in the general branch, an improvement again partly offset by subsidence claims at home and, in this case, poor experience in motor cycle business.

Nevertheless, net profits rose 21 per cent to £4.72m in 1976 and maximum dividends of 15.76p gross per share helped the shares rise 4p to 204p.

Edwards & Law Life Assurance, up 4p to 134p on news of a 13 per cent rise in its 1976 distributable surplus to £1.1m joins the others with a dividend increase, in this case to 5.2p gross per share. The directors plan to adjust the dividends if the Chancellor's conditional tax rate reductions go through.

## Midland Bank Base Rate

Midland Bank Limited announces that with effect from March 31st 1977, its Base Rate is 9½%, and that its Deposit Rate on amounts lodged at its branches subject to 7 days notice of withdrawal is 5% on balances of all amounts.

Personal Credit Plan Accounts will attract 5% on credit balances and be charged 18% on debit balances with effect from May 13th 1977.



Midland Bank

## The Royal Bank of Scotland INTEREST RATES

The Royal Bank of Scotland Limited announces that with effect from 31st March, 1977, its Base Rate for lending is being reduced from 10½% per annum to 9½% per annum.

The maximum rate of interest allowed on Deposits lodged for a minimum period of seven days or subject to seven days' notice of withdrawal at the London Offices of the Bank will be reduced to 5% per annum.

The Royal Bank of Scotland Limited, Head Office, 20, Box 31, 42 St. Andrew Square, Edinburgh, EH2 2YE.



Coutts &amp; Co.

Coutts & Co. announce that, for balances in their books on and after the 31st March, 1977, and until further notice their Base Rate for lending is 9½% per annum. The Deposit Rate on all monies subject to seven days' notice of withdrawal is 5% per annum.

## Williams &amp; Glyn's

announces that the following rates will apply from and including Thursday 31st March

Base rate..... 9½% p.a.

Deposit rate..... 5% p.a.

WILLIAMS & GYLN'S BANK LTD

## Lloyds Bank Base Rate

Lloyds Bank announces that with effect from Thursday, March 31st, 1977, its Base Rate for lending is reduced to 9½%. The rate of interest on 7-day notice Deposit accounts and Savings Bank accounts will be 5%, a decrease of 1½%.



Standard Chartered announce that on and after the 31st March, 1977, the following annual rates will apply

Base rate ..... 9½%

Deposit rate ..... 5%

Standard Chartered Bank Limited

Standard Chartered Bank Limited

## Barclays Bank Base Rate.

Barclays Bank Limited and Barclays Bank International Limited announce that with effect from the close of business on 31st March, 1977, their Base Rate will be decreased from 10½% to 9½% per annum.

The basic interest rate for deposits will be decreased by 1½% from 6½% to 5% per annum.

BARCLAYS



BARCLAYS International

Reg. Office: 54 Lombard Street, EC3P 3AH  
Reg. No's 4839 and 146567.



## GRAMPIAN HOLDINGS

Preliminary Results for the year ended 31 December 1976.

GRAMPIAN HOLDINGS LIMITED announces profits (subject to audit) before tax for the year ended 31 December 1976 of £2,811,000 (£2,585,000).

The directors propose a final dividend of 9.73% (2,432.5 pence per share), giving with the interim a total of 15.73% (3,932.5 pence per share), the maximum currently permitted.

	1976	1975
Turnover	59,220	50,514

Group Profits before Tax:		
INDUSTRIAL SERVICES	1,891	1,472
CONSUMER GOODS	1,446	1,352
PRINTING AND PUBLISHING	(300)	1
	3,037	2,825

Add:		
Wallacetown sub group	—	20
	3,037	2,845

Deduct:		
Parent Company Expenses, including Bank and Debenture Interest, not otherwise allocated	329	294
	2,708	2,551

Add:		
Share of profits of associated companies	103	34
	2,811	2,585

PROFIT BEFORE TAXATION	2,811	2,585
Taxation on profits of the year, 52% (1975 - same)	1,390	1,421
	1,421	1,164

PROFIT AFTER TAXATION	1,421	1,164
Deduct:		
Minority Interests	50	10
	1,371	1,154

Deduct:		
Extraordinary Items	282	62
	1,079	1,092

Dividends:		
Preference Paid of 4.9%	69	69
Ordinary Interim Paid of 6.0% (1975 - 2.8%)	152	71
Ordinary Final Proposed of 9.73% (1975 - 11.5%)	247	292
	468	432

BALANCE UNDISTRIBUTED	611	660
	1,079	1,092

Earned per share	12.82p	10.69p
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NOTE: The results for the year to 31 December 1976 and for the year to 31 December 1975 are in accordance with Statement of Standard Accounting Practice No. 9.

The Chairman, Mr. D. C. Grieg, comments: "Group profits have been maintained in 1976. While noteworthy performances were recorded in some sectors, difficult conditions were experienced in printing, furniture and oil services."

"As I indicated previously the imbalance between interim and final dividends has been adjusted and a final dividend of 9.73% (2,432.5 pence per share) has been proposed, the total dividend for 1976 being 15.73% (3,932.5 pence per share)."

"Whilst it is still too early to forecast the outcome for the current year, I believe the group has considerable potential for advancement."

GRAMPIAN HOLDINGS LIMITED  
The Scottish-based holding company with interests in industrial services, consumer goods and printing and publishing.







## Gains consolidated

**§ Forward bargains are permitted on two previous days.**

Ex dividend, a Ex all, b Forecast dividend, c Corrected price, d Interim payment passed, f Price at suspension, g Dividend and yield exclude a special payment, h Bid for company, i Pre-merger figures, j Forecast earnings, k Ex capital distribution, l Ex rights, m Ex scrip or share split, n Ex free, o Price adjusted for late dealings, .. No significant data.







# CAR BUYER'S GUIDE

## Motoring

### Pros and cons of using thinner oil

According to BP a revolution is about to take place in car engine oils. It predicts that most of the 90 per cent of motorists who use the thicker 20W-50 grade will have changed to a lighter oil within the next three years.

BP makes its case principally on the grounds that lighter oils give better petrol consumption and it contends that the saving can be about 6 to 8 per cent, or £18 a year for the average motorist. Other advantages of a lighter oil, it says, are less battery wear during a cold start and more effective lubrication of the engine in the warm-up period.

The point is that less power is used in turning the mechanical components of the engine against a light oil than a heavy one, so less fuel is needed to work the engine and propel the car along the road. Also, because the lighter oil reaches the engine components more quickly, there is less wear during the first critical few minutes after starting.

BP's sudden conversion to lighter oil is not unconnected with the fact that it recently put a new one on the market. In contrast to the 20W-50 thick oil that predominates in Britain the BR V77 has a rating of only 10W-30.

The numbers relate to the viscosity of the oil or its thickness/thinness at a given temperature and are determined by test procedures established in America by the Society of Automotive Engineers. The lower the number the thinner the oil.

The two numbers indicate the range of viscosity, hence the term "multi-grade". The W stands for winter, for in cold weather the oil must be thinner to warm up quickly. In summer a thicker oil is needed to protect the engine at higher temperatures. So a multi-grade is an oil for all seasons.

To test this comparing V77 with a 20W-50 multi-grade, the Automobile Association achieved an average 6.8 per cent improvement in petrol consumption over 38 vehicles. BP on its own test fleet of 16 vehicles got a 5.5 per cent improvement, and the saving by an independent company on six cars averaged 7.9 per cent.

At BP's invitation I took my Audi 100 road test car to its research centre at Sunbury, Middlesex, to record fuel consumption using the two types of oil on a rolling road dynamometer. Unfortunately for my hosts, the improvement with V77 was so small as to be statistically insignificant.

However, even those who are sceptical about V77 will concede that for the reasons I have given a thinner oil is likely to save fuel. The case against a 10W-30 oil rests on other factors, and it is time to look at these.

The first objection to V77 is that it is more expensive. Although there are no fixed retail prices for motor oil, a 5 litre can of V77 will cost about £3 compared with £2.50 for BP's 20W-50 Super Viscotek. The Super Viscotek may be even cheaper in a High Street, whereas V77 is available only from garages, which are less likely to cut the price.

Secondly engines tend to use more of a thinner oil, which can partly offset the gains in petrol consumption. A rival oil company says that according



The new BMW 7 Series model which goes on sale in Britain in the summer.

to its tests engines were using 35 per cent more V77 than a thicker oil.

But the most important reason for not using a thinner oil is that it can increase the risk of engine wear. It depends partly on whether the engine was designed to take such an oil, and many in use today were not, partly on the way the engine is used and partly on its age.

Among the engines not suited to the thinner oil are the transverse units with integral gearboxes in the Leyland range, such as those in the Mini and Allegro. Officially, Leyland does not recommend the use of V77 in any of its cars.

All the present Ford engines, on the other hand, have been designed to take thinner oils, provided that the car is used only in moderate climates. The Ford handbook sets an upper limit of 32°F (0°C), so if we have another summer like the last one a car using thin oil might be in trouble.

Finally, it is not advisable to use thinner oil in older engines where vital components, such as the big end, are already beginning to wear. A thicker oil is needed to give proper protection.

It must be emphasized that thin oils are not new; they are widely used on the Continent, for instance; nor is V77 the only one available in the United Kingdom. But companies that offer a thin oil say there is little demand for it: Castrol's Castrolite is sold out more than 60 times by its 20W-50 multi-grade, the GTX.

BP remains confident that V77 will be taking a third of its lionisation sales by the end of the year and that the need to save fuel will force motorists to use thinner oils. But there are snags; the best advice must be to follow the manufacturer's recommendation.

### Road test: Audi 100LS

The big Audi has always been a strong seller in Britain, and the "mark two" version, launched in West Germany in the autumn and now available in right-hand drive, should do even better. There are no dramatic new features and the car may lack the visual flair of the new Rover 3500 (which just pipped it for the Car of the Year award); but it does most things well and has the right air of quality.

In one important respect, however, I did find the new Audi disappointing, and that was noise. The engine sounds harsh under even moderate acceleration, and for a car costing just over £4,500 there is too much wind and road noise. I mention these things particularly because one of Audi's main claims for its car is its quietness.

Another criticism is the low-geared steering, presumably designed that way to remove the need for power assistance. It is certainly light enough but four and a half turns from lock to lock means a lot of effort when negotiating sharp corners or awkward parking spaces. Another grumble is that since

the fresh-air vents go almost the length of the fascia I did not expect to have to use the noisy booster fan so much to get a decent flow.

Otherwise the new Audi fulfils most of the demands of the so-called executive car, being roomy and comfortable, safe to handle and acceptably quick and economical. Interior space is particularly impressive, demonstrating once again the advantages of front-wheel drive. Few other cars can have as much head and leg room in the back and there is a generous (14 cu ft) boot.

The driving position is good with, again, ample leg room and a rest has thoughtfully been provided for the left foot when it is not operating the clutch. The seats are firmish, though less so than on some German cars, well shaped and give the right support to the back and thighs. I would not put the ride quite in the Peugeot class, and bumps on the road do transmit to the inside of the car, but overall there can be few complaints.

The steering apart, the Audi is a pleasure to drive. It starts easily on the automatic choke, has a crisp gear change (once you get used to the slightly springy action), well-spaced ratios and responsive brakes. The car takes corners almost neutrally and with almost no roll, and roadholding is superb.

The 1984cc engine, developed from the previous Audi 100 unit, gives good performance considering the size and weight of the car, with acceleration from rest to 60 mph in just under 11 seconds and a top speed of 110 mph to leave plenty in hand for relaxed motorway cruising. But there is a lack of pulling power at low speed, and a drop down to third gear is sometimes better for safe overtaking. On fuel consumption I returned a creditable 23 to 27 mpg.

A large glass area ensures good all-round visibility and I liked the neat and attractive interior. The instruments are a model of clarity, though I regretted the absence of a revolution counter, which I find a useful aid to smooth driving.

### Sixes and Sevens

Presumably to forestall those sneaky pictures of which the Continental motor magazines are so fond, BMW has just issued its first official photograph of its new large car, the 7 Series. It will be launched in May and go on sale in Britain in July or August.

The "7" replaces the 2500/3.0/3.3 range but is not likely to be a very different car. As the picture shows, the bodysheet follows the basic outline of the 2500 as well as having a family resemblance to the smaller "5" series model. As before, there will be a choice of six-cylinder engines, of 2.8, 3 and 3.3-litre capacities.

Peter Waymark

## Broadcasting

Christopher Isherwood talks about his life and writings in Tonight (BBC1 11.10) and his new book is reviewed in The Book Programme (BBC2 8.5), Omnibus (BBC1 10.15) studies the talented South London jazz pianist Stan Tracey and The Royal Film Performance 1977 (ITV 10.30) sees the stars turn out for the premiere of Silver Streak. Versatile actor and comedian Leonard Rossiter is the maddening film buff in The Galton and Simpson Playhouse (ITV 9.0) and Taste for Adventure (BBC1 8.30) finds French journalist Catherine Lamour in an opium jungle.—T.S.

<b>BBC 1</b> 6.40 am, Open University: Steel. 7.05, Television and Politics. 7.30-7.55, The Structure of Language. 10.45-11.00, Open People's Choice. 12.35 pm, On the Move. 1.45-2.00, The Big Race. 2.00-2.15, The Big Race. 2.15-2.30, The Big Race. 2.30-2.45, The Big Race. 2.45-3.00, The Big Race. 3.00-3.15, The Big Race. 3.15-3.30, The Big Race. 3.30-3.45, The Big Race. 3.45-4.00, The Big Race. 4.00-4.15, The Big Race. 4.15-4.30, The Big Race. 4.30-4.45, The Big Race. 4.45-5.00, The Big Race. 5.00-5.15, The Big Race. 5.15-5.30, The Big Race. 5.30-5.45, The Big Race. 5.45-6.00, The Big Race. 6.00-6.15, The Big Race. 6.15-6.30, The Big Race. 6.30-6.45, The Big Race. 6.45-7.00, The Big Race. 7.00-7.15, The Big Race. 7.15-7.30, The Big Race. 7.30-7.45, The Big Race. 7.45-8.00, The Big Race. 8.00-8.15, The Big Race. 8.15-8.30, The Big Race. 8.30-8.45, The Big Race. 8.45-9.00, The Big Race. 9.00-9.15, The Big Race. 9.15-9.30, The Big Race. 9.30-9.45, The Big Race. 9.45-10.00, The Big Race. 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